CHAPTER FIVE

DATA ANALYSIS

AND

INTERPRETATION
CHAPTER FIVE

5.1 Introduction

This chapter is concerned with the analysis and interpretation of data collected from the secondary sources. In this part of the study the hypotheses which have been developed and tested firstly for overall sectors on overall basis and then for each sector separately are analyzed with the help of statistical technique of multiple linear regression in SPSS version 19 (Statistical Package of Social Sciences). On the basis of the analysis following interpretations have been made firstly for hypotheses of overall sectors on overall basis and then for each sector hypotheses separately.

5.2 Analysis and Interpretation for Overall Sectors

On the basis of hypotheses developed for overall sectors analysis and testing the framed hypothesis for each independent variable with the dependent variable i.e. retained earnings with the help of multiple regression in SPSS version 19 following interpretations have been made. The independent variable interest was dropped because of the problem of multi collinearity in case of overall sectors analysis. The results of multiple regression are shown in Table 5.2.11.

5.2.1 Profit after Tax (PAT) with Retained Earnings (RE)

Null Hypothesis: H0: There is no significant impact of profit after tax (PAT) on retained earnings (RE).

Alternate Hypothesis: HA 1: There is a significant impact of profit after tax (PAT) on retained earnings (RE).

Multiple regression tests shows that the impact of profit after tax on retained earnings is positive as the regression coefficient (beta value) is 1.072. To ascertain whether this impact is statistically significant or not the t value and significant value are obtained which are, t value is 1.7086 and significant value is 0.000. This means that the impact is highly significant because the significant value is less than 0.01 (99%) and less than 0.05.
(95%) level of significance, therefore, the null hypothesis $H_0$ 1 is rejected and the alternate hypothesis $H_A$ 1 is accepted.

5.2.2 Dividend Paid (DP) with Retained Earnings (RE)

Null Hypothesis: $H_0$ 2: There is no significant impact of dividend paid (DP) on retained earnings (RE).

Alternate Hypothesis: $H_A$ 2: There is a significant impact of dividend paid (DP) on retained earnings (RE).

It is inferred from the multiple regression test that the impact of dividend paid on retained earnings is negative as the regression coefficient (beta value) is -0.427. For assessing its statistical significance t and sig values are obtained which are -60.971 and sig value is 0.000. as it is less than 0.01 (99%) and less than 0.05 (95%) level of significance as such, statistically the impact is highly significant therefore, the null hypothesis $H_0$ 1 is rejected and the alternate hypothesis $H_A$ 2 is accepted.

5.2.3 Reserves (RES) with Retained Earnings (RE)

Null Hypothesis: $H_0$ 3: There is no significant impact of reserves (RES) on retained earnings (RE).

Alternate Hypothesis: $H_A$ 3: There is a significant impact of reserves (RES) on retained earnings (RE).

Multiple regression tests gives a regression coefficient (beta value) of 0.003 which is positive but low which indicates a neutral impact of reserves on retained earnings. To know whether this impact is statistically significant the t value and significant values are obtained which are 0.882 and 0.378, as the significant value is greater than 0.01 (99%) and greater than 0.05 (95%) level of significance as such, statistically this impact is not significant therefore, the null hypothesis $H_0$ 3 has failed to be rejected.
5.2.4 Current Ratio (CR) with Retained Earnings (RE)

Null Hypothesis: $H_0 4$: There is no significant impact of current ratio (CR) on retained earnings (RE).

Alternate Hypothesis: $H_A 4$: There is a significant impact of current ratio (CR) on retained earnings (RE).

Result of multiple regression test shows that the regression coefficient (beta value) is 0.551 which indicates a positive impact of current ratio on retained earnings, to ascertain whether it is statistically significant the t and significant value are obtained which are 35.880 and 0.000, as the significant value is less than 0.01 (99%) and less than 0.05 (95%) level of significance as such, statistically the impact is highly significant so the null hypothesis $H_0 4$ is rejected and the alternate hypothesis $H_A 4$ is accepted.

5.2.5 Debt Equity Ratio (DER) with Retained Earnings (RE)

Null Hypothesis: $H_0 5$: There is no significant impact of debt equity ratio (DER) on retained earnings (RE).

Alternate Hypothesis: $H_A 5$: There is a significant impact of debt equity ratio (DER) on retained earnings (RE).

Multiple regression reveals a neutral impact of debt equity ratio on retained earnings as the regression coefficient (beta value) gives a very low value of 0.000, to check its statistical significance the t value and significant values are obtained which are 0.005 and 0.996, since, the significant value is greater than 0.01 (99%) and greater than 0.05 (95%) level of significance therefore, statistically this impact is not significant as such the null hypothesis has failed to be rejected.

5.2.6 Investment (INVS) with Retained earnings (RE)

Null Hypothesis: $H_0 6$: There is no significant impact of investment (INVS) on retained earnings (RE).
**Alternate Hypothesis: HA 6:** There is a significant impact of investment (INVS) on retained earnings (RE).

It is inferred from multiple regression test that the impact of investment on retained earnings is negative due to the negative regression coefficient (beta value) of -0.033. In order to know whether this impact is statistically significant or not the t and significant values are obtained that are -3.011 and 0.003, as the significant value is greater than 0.01 (99%) but it is less than 0.05 (95%) level of significance, hence it is significant at 95% level of significance therefore, statistically the impact is significant so the null hypothesis H06 is rejected and its alternate hypothesis HA 6 is accepted.

**5.2.7 Inventory (INV) with Retained Earnings (RE)**

**Null Hypothesis: H0 7:** There is no significant impact of inventory (INV) on retained earnings (RE).

**Alternate Hypothesis: HA 7:** There is a significant impact of inventory (INV) on retained earnings (RE).

Result of statistical test of multiple regression gives a negative regression coefficient (beta value) of -0.012, which reveals a negative impact of inventory on retained earnings. For finding its statistical significance the t and significant values are derived which are -1.738 and 0.082, as the significant value is greater than 0.01 (99%) and 0.05 (95%) level of significance therefore, statistically the impact is not significant hence the null hypothesis H0 7 has failed to be rejected.

**5.2.8 Depreciation (DEP) with Retained Earnings (RE)**

**Null Hypothesis: H0 8:** There is no significant impact of depreciation (DEP) on retained earnings (RE).

**Alternate Hypothesis: HA 8:** There is a significant impact of depreciation (DEP) on retained earnings (RE).

It is interpreted from multiple regression that there is a negative impact of depreciation on retained earnings as the regression coefficient (beta value) is negative with value of -
0.007, it means a negative impact of depreciation on retained earnings but whether this impact is statistically significant or not the t and significant values are obtained which are -2.184 and 0.029, as the significant value is greater than 0.01(99%) but less than 0.05 (95%) level of significance therefore it is significant at 95% level of significance as such the impact is statistically significant hence, the null hypothesis H0 8 is rejected and the alternate hypothesis HA 8 is accepted.

5.2.9 Cash Flows (CF) with Retained Earnings (RE)

Null Hypothesis: H0 9: There is no significant impact of cash flows (CF) on retained earnings (RE).

Alternate Hypothesis: HA 9: There is a significant impact of cash flows (CF) on retained earnings (RE).

Multiple regression test result shows a negative impact of cash flows on retained earnings as the regression coefficient (beta value) obtained is -0.096 indicating a negative impact of cash flows on retained earnings but to assess whether the impact is statistically significant or not the t and significant values are obtained that are -10.774 and 0.000, since, the significant value is less than 0.01 (99%) and also less than 0.05 (95%) level of significance as such the impact is statistically highly significant therefore, the null hypothesis H0 9 is rejected and the alternate hypothesis HA 9 is accepted.

5.2.10 Corporate Tax (CT) with Retained Earnings (RE)

Null Hypothesis: H0 10: There is no significant impact of corporate tax (CT) on retained earnings (RE).

Alternate Hypothesis: HA 10: There is a significant impact of corporate tax (CT) on retained earnings (RE).

Test of multiple regression indicates a negative impact of corporate tax on retained earnings as the regression coefficient (beta value) obtained is -0.027. To assess its statistical significance the t and significant values are obtained which are 4.764 and 0.000, as the significant value is less than 0.01 (99%) and less than 0.05 (95%) level of
significance as such, statistically the impact is highly significant therefore the null hypothesis $H_0$ is rejected and the alternate hypothesis $H_A$ is accepted.

The value of $R^2$ (coefficient of determination) in Table 5.2.11 for overall sectors is equal to 0.98 which indicates that 98% variance in the dependent variable i.e. retained earnings is explained by the independent variables. The table is given below.

Table 5.2.11. Analysis of Overall Sectors

<table>
<thead>
<tr>
<th>Variable</th>
<th>Beta ($\beta$)</th>
<th>$t$</th>
<th>Sig</th>
<th>$R^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-2.810</td>
<td>0.005</td>
<td>0.98</td>
<td></td>
</tr>
<tr>
<td>PAT</td>
<td>1.072</td>
<td>170.865</td>
<td>0.000**</td>
<td></td>
</tr>
<tr>
<td>DP</td>
<td>-0.427</td>
<td>-60.791</td>
<td>0.000**</td>
<td></td>
</tr>
<tr>
<td>RES</td>
<td>0.003</td>
<td>0.882</td>
<td>0.378</td>
<td></td>
</tr>
<tr>
<td>CR</td>
<td>0.551</td>
<td>35.880</td>
<td>0.000**</td>
<td></td>
</tr>
<tr>
<td>DER</td>
<td>0.000</td>
<td>0.005</td>
<td>0.996</td>
<td></td>
</tr>
<tr>
<td>INVS</td>
<td>-0.033</td>
<td>-3.011</td>
<td>0.003*</td>
<td></td>
</tr>
<tr>
<td>INVN</td>
<td>-0.012</td>
<td>-1.738</td>
<td>0.082</td>
<td></td>
</tr>
<tr>
<td>DEP</td>
<td>-0.007</td>
<td>-2.184</td>
<td>0.029*</td>
<td></td>
</tr>
<tr>
<td>CF</td>
<td>-0.096</td>
<td>-10.774</td>
<td>0.000**</td>
<td></td>
</tr>
<tr>
<td>CT</td>
<td>-0.027</td>
<td>-4.766</td>
<td>0.000**</td>
<td></td>
</tr>
</tbody>
</table>

** Represents Significant at 99% level of significance.

* Represents Significant at 95% level of significance.

5.3 Analysis and Interpretation for Pharmaceutical Sector

On the basis of hypotheses developed for pharmaceutical sector companies and testing each of the hypotheses for each independent variable with dependent variable i.e. retained earnings by using technique of multiple regression in SPSS version 19, following
analysis and interpretations are made which are given below. The independent variables cash flows, corporate tax and interest were dropped from the analysis due to the problem of multi collinearity for pharmaceutical sector companies. The results of multiple regression for pharmaceutical sector have been given in Table 5.3.9.

5.3.1 Profit after Tax (PAT) with Retained Earnings (RE)

Null Hypothesis: $H_0(1PH)$: There is no significant impact of profit after tax (PAT) on retained earnings (RE) of pharmaceutical sector companies.

Alternate Hypothesis: $H_A(1PH)$: There is a significant impact of profit after tax (PAT) on retained earnings (RE) of pharmaceutical sector companies.

Multiple regression test indicates a positive impact of profit after tax on retained earnings for pharmaceutical sector companies as the regression coefficient (beta value) is positive with a value of 1.003. To check the statistical significance of this impact the t and significant values are obtained which are 102.179 and 0.000, as the significant value is less than 0.01 (99%) and less than 0.05 (95%) level of significance it means statistically this impact is highly significant therefore, the null hypothesis $H_0(1P)$ is rejected and the alternate hypothesis $H_A(1P)$ is accepted.

5.3.2 Dividend Paid (DP) with Retained Earnings (RE)

Null Hypothesis: $H_0(2PH)$: There is no significant impact of dividend paid (DP) on retained earnings (RE) of pharmaceutical sector companies.

Alternate Hypothesis: $H_A(2PH)$: There is a significant impact of dividend paid (DP) on retained earnings (RE) of pharmaceutical sector companies.

Regression test analysis is done to find the impact of dividend paid on retained earnings for pharmaceutical sector companies, it is found that there is a negative impact of dividend paid on retained earnings in case of pharmaceutical sector companies as the regression coefficient (beta) value is -1.030. In order to assess whether this impact is statistically significant or not the t and significant value are obtained which are -47.037 and 0.000. As the significant value is less than 0.01 (99%) and less than 0.05 (95%) level
of significance it means statistically this impact is highly significant therefore, the null hypothesis $H_0 \ 2$ (PH) is rejected and the alternate hypothesis $H_A \ 2$ (PH) is accepted.

5.3.3 Reserve (RES) with Retained Earnings (RE)

Null Hypothesis: $H_0 \ 3$(PH): There is no significant impact of reserves (RES) on retained earnings (RE) of pharmaceutical sector companies.

Alternate Hypothesis: $H_A \ 3$(PH): There is a significant impact of reserves (RES) on retained earnings (RE) of pharmaceutical sector companies.

It is inferred from tests result that the impact of reserves on retained earnings for pharmaceutical sector companies is negative as multiple regression gives a negative regression coefficient (beta value) of - 0.004. To check statistical significance of this impact the t and d significant values are obtained which are – 2.038 and 0.038, as the significant value is greater than 0.01(99%) but less than 0.05 (95%) level of significance, it means the impact is statistically significant at 95 % level of significance therefore, the null hypothesis $H_0 \ 3$(PH) is rejected and the alternate hypothesis $H_A \ 3$(PH) is accepted.

5.3.4 Current Ratio (CR) with Retained Earnings (RE)

Null Hypothesis: $H_0 \ 4$(PH): There is no significant impact of current ratio (CR) on retained earnings of pharmaceutical sector companies.

Alternate Hypothesis: $H_A \ 4$(PH): There is a significant impact of current ratio (CR) on retained earnings of pharmaceutical sector companies.

Data analysis with the help of multiple regression shows a positive impact of current ratio on retained earnings for pharmaceutical sector companies as the regression coefficient (beta value) is positive with value 0.023. Assessing statistical significance of this impact the t and significant values are obtained which are 4.688 and 0.000, as the significant value is less than 0.01(99%) and also less than 0.05 (95%) level of significance it means this impact is statistically highly significant as such, the null hypothesis $H_0 \ 4$(PH) is rejected supported and the alternate hypothesis $H_A \ 4$(PH) is accepted.
5.3.5 Debt Equity Ratio (DER) with Retained Earnings (RE)

Null Hypothesis: H0 5(PH): There is no significant impact of debt equity ratio (DER) on retained earnings (RE) of pharmaceutical sector companies.

Alternate Hypothesis: HA 5(PH): There is a significant impact of debt equity ratio (DER) on retained earnings (RE) of pharmaceutical sector companies.

Multiple regression tests gives a positive regression coefficient (beta) of 0.040, it means there is a positive impact of debt equity ratio on retained earnings for pharmaceutical sector companies. To assess whether this impact is statistically significant or not the t and significant values are obtained which are 4.861 and 0.000. As the significant value is less than 0.01(99%) and less than 0.05 (95%) level of significance, that indicates the impact is highly significant statistically. Hence, the null hypothesis H0 5(PH) is rejected and the alternate hypothesis HA 5(PH) is accepted.

5.3.6 Investment (INVS) with Retained Earnings (RE)

Null Hypothesis: H0 6(PH): There is no significant impact of investment (INVS) on retained earnings (RE) of pharmaceutical sector companies.

Alternate Hypothesis: HA 6(PH): There is a significant impact of investment (INVS) on retained earnings (RE) of pharmaceutical sector companies.

Result of regression test indicates a positive impact of investment on retained earnings as the regression coefficient (beta value) is positive with value of 0.013. To check whether the impact is statistically significant or not the t and significant values are obtained that are 1.496 and 0.136, since, the significant value is greater than 0.01(99%) and also greater than 0.05 (95%) level of significance, it indicates that this impact statistically is not significant therefore, the null hypothesis H0 6(PH) has failed to be rejected.
5.3.7 Inventory (INV) with Retained Earnings (RE)

**Null Hypothesis: H0 7(PH):** There is no significant impact of inventory (INV) on retained earnings (RE) of pharmaceutical sector companies.

**Alternate Hypothesis: HA 7(PH):** There is a significant impact of inventory (INV) on retained earnings (RE) of pharmaceutical sector companies.

Finding of the regression test gives a positive regression coefficient (beta value) of 0.106, which indicates that the impact of inventory on retained earnings is positive. To find the statistical significance of this impact the t and significant values are obtained which are 4.195 and 0.000, as the significant value is less than 0.01 (99%) and also less than 0.05 (95%) level of significance it indicates that statistically the impact is highly significant therefore, the null hypothesis H0 7(PH) is rejected and the alternate hypothesis HA 7(PH) is accepted.

5.3.8 Depreciation (DEP) with Retained Earnings (RE)

**Null Hypothesis: H0 8(PH):** There is no significant impact of depreciation (DEP) on retained earnings (RE) of pharmaceutical sector companies.

**Alternate Hypothesis: HA 8(PH):** There is a significant impact of depreciation (DEP) on retained earnings (RE) of pharmaceutical sector companies.

Multiple regression tests shows that there is a negative impact of depreciation on retained earnings of pharmaceutical sector companies as the regression coefficient (beta value) is negative with value of -0.849. To assess whether this impact is statistically significant or not the t and significant values are obtained which are 41.760 and 0.000. As the significant value is less than 0.01 (99%) and less than 0.05 (95%) level of significance, it indicates that statistically the impact is highly significant therefore, the null hypothesis H0 8(PH) is rejected and the alternate hypothesis HA 8(PH) is accepted.

The value of R Square (coefficient of determination) in Table 5.3.9 for pharmaceutical sector is equal to 0.86 which indicates that 86% variance in the dependent variable i.e. retained earnings is explained by the independent variables. Table is given on next page.
Table 5.3.9. Analysis of Pharmaceutical Sector

<table>
<thead>
<tr>
<th>Variable</th>
<th>Beta (β)</th>
<th>t</th>
<th>Sig.</th>
<th>R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.003</td>
<td>-24.672</td>
<td>0.000</td>
<td>0.86</td>
</tr>
<tr>
<td>PAT</td>
<td>1.003</td>
<td>102.179</td>
<td>0.000**</td>
<td>-</td>
</tr>
<tr>
<td>DP</td>
<td>-1.030</td>
<td>-47.037</td>
<td>0.000**</td>
<td>-</td>
</tr>
<tr>
<td>RES</td>
<td>0.004</td>
<td>-2.080</td>
<td>0.038*</td>
<td>-</td>
</tr>
<tr>
<td>CR</td>
<td>0.023</td>
<td>4.668</td>
<td>0.000**</td>
<td>-</td>
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<td>DER</td>
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<td>0.000**</td>
<td>-</td>
</tr>
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<td>INVS</td>
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<td>0.136</td>
<td>-</td>
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<tr>
<td>INVN</td>
<td>0.106</td>
<td>4.195</td>
<td>0.000**</td>
<td>-</td>
</tr>
<tr>
<td>DEP</td>
<td>-0.849</td>
<td>-41.760</td>
<td>0.000**</td>
<td>-</td>
</tr>
</tbody>
</table>

** Represents Significant at 99% level of significance
* Represents Significant at 95% level of significance

5.4 Analysis and Interpretation for Steel Sector

On the basis of hypotheses developed for steel sector companies and testing of hypotheses using multiple regression for each independent variable with dependent variable i.e. retained earnings, following interpretations are made for steel sector companies. The variable interest was dropped during analysis due to the problem of multi collinearity in case of steel sector companies. Results of multiple regression for steel sector are presented in Table 5.4.11.
5.4.1 Profit after Tax (PAT) with Retained Earnings (RE)

Null Hypothesis: H0 1(S): There is no significant impact of profit after tax (PAT) on retained earnings (RE) of steel sector companies.

Alternate Hypothesis: HA 1(S): There is a significant impact of profit after tax (PAT) on retained earnings (RE) of steel sector companies.

Multiple regression results give a positive regression coefficient (beta value) of 1.025, it indicates a positive impact of profit after tax on retained earnings for steel sector companies. Whether this impact is statistically significant or not the t and significant values are obtained which are 2342.228 and 0.000, since, the significant value is less than 0.01 (99%) and less than 0.05 (95%) level of significance it means that this impact is statistically highly significant therefore, the null hypothesis H0 1(S) is rejected and the alternate hypothesis HA 1(S) is accepted.

5.4.2 Dividend Paid (DP) with Retained Earnings (RE)

Null Hypothesis: H0 2(S): There is no significant impact of dividend paid (DP) on retained earnings (RE) of steel sector companies.

Alternate Hypothesis: HA 2(S): There is a significant impact of dividend paid (DP) on retained earnings (RE) of steel sector companies.

It is inferred from the multiple regression test that impact of dividend paid on retained earnings for steel sector companies is negative as the regression coefficient (beta value) is -0.950. To find the statistical significance of this impact the t and significant values are obtained that are -773.143 and 0.000. As the significant value is less than 0.01 (99%) and less than 0.05 (99%) level of significance, it indicates that statistically the impact is highly significant hence, the null hypothesis H0 2(S) is rejected and the alternate hypothesis HA 2(S) is accepted.

5.4.3 Reserves (RES) with Retained Earnings (RE)

Null Hypothesis: H0 3(S): There is no significant impact of reserves (RES) on retained earnings (RE) of steel sector companies.
Alternate Hypothesis: HA 3(S): There is a significant impact of reserves (RES) on retained earnings (RE) of steel sector companies.

Multiple regression tests reveals a neutral impact of reserves on retained earnings for steel sector companies as the regression coefficient (beta value) is very low with value of 0.000. To assess the statistical significance of this impact the t and significant values are obtained which are 0.106 and 0.916, since, the significant value is greater than 0.01 (99%) and also greater than 0.05 (95%) level of significance, it means statistically this impact is not significant as such, the null hypothesis H0 3(S) has failed to be rejected.

5.4.4 Current Ratio (CR) with Retained Earnings (RE)

Null Hypothesis: H0 4(S): There is no significant impact of current ratio (CR) on retained earnings (RE) of steel sector companies.

Alternate Hypothesis: HA 4(S): There is a significant impact of current ratio (CR) on retained earnings (RE) of steel sector companies.

Results of multiple regression tests give a positive regression coefficient (beta value) of 0.946, which indicates a positive impact of current ratio on retained earnings for steel sector companies. In order to assess whether this impact is statistically significant or not the t and significant values are obtained which are 1020.645 and 0.000, as the significant value is less than 0.01 (99%) and less than 0.05 (95%) level of significant it means statistically the impact is highly significant therefore, the null hypothesis H0 4(S) is not rejected and the alternate hypothesis HA 4(S) is accepted.

5.4.5 Debt Equity Ratio (DER) with Retained Earnings (RE)

Null Hypothesis: H0 5(S): There is no significant impact of debt equity ratio (DER) on retained earnings (RE) of steel sector companies.

Alternate Hypothesis: HA 5(S): There is a significant impact of debt equity ratio (DER) on retained earnings (RE) of steel sector companies.

Finding the impact of debt equity ratio on retained earnings for steel sector companies, multiple regression test gives a very low regression coefficient (beta value) of 0.000.
which means that there is a neutral impact of debt equity ratio on retained earnings for steel sector companies. To ascertain the statistical significance of this impact the t and significant values are obtained which are -0.264 and 0.792. as the significant value is greater than 0.01 (99%) and also greater than 0.05 (95%) level of significance it means statistically this impact is not significant hence, the null hypothesis $H_0$ 5(S) has failed to be rejected.

5.4.6 Investment (INVS) with Retained Earnings (RE)

Null Hypothesis: $H_0$ 6(S): There is no significant impact of investment (INVS) on retained earnings (RE) of steel sector companies.

Alternate Hypothesis: $H_A$ 6(S): There is a significant impact of investment (INVS) on retained earnings (RE) of steel sector companies.

Multiple regression tests give a very low regression coefficient (beta value) of 0.000 which means there is a neutral impact of investment on retained earnings for steel sector companies. In order to check the statistical significance of this impact the t and significant values are obtained which are 0.136 and 0.892, since, the significant value is greater than 0.01 (99%) and also greater than 0.05 (95%) level of significance. it means statistically the impact is not significant as such, the null hypothesis $H_0$ 6(S) has failed to be rejected.

5.4.7 Inventory (INV) with Retained Earnings (RE)

Null Hypothesis: $H_0$ 7(S): There is no significant impact of inventory (INV) on retained earnings (RE) of steel sector companies.

Alternate Hypothesis: $H_A$ 7(S): There is a significant impact of inventory (INV) on retained earnings (RE) of steel sector companies.

It is inferred from the regression test results that there is neutral impact of inventory on retained earnings in case of steel sector companies as regression coefficient (beta value) is low with value of 0.002. To assess the statistical significance of this impact the t and significant values are obtained which are 2.214 and 0.027, as the significant value is
greater than 0.01 (99%) but it is less than 0.05 (95%) level of significance hence it is significant at 95% level of significance and statistically the impact is significant therefore, the null hypothesis H0 7(S) is rejected and the alternate hypothesis HA 7(S) is accepted.

5.4.8 Depreciation (DEP) with Retained Earnings (RE)

Null Hypothesis: H0 8(S): There is no significant impact of depreciation (DEP) on retained earnings (RE) of steel sector companies.

Alternate Hypothesis: HA 8(S): There is a significant impact of depreciation (DEP) on retained earnings (RE) of steel sector companies.

Multiple regression tests gives a negative regression coefficient (beta value) of -0.001 which means there is a negative impact of depreciation on retained earnings for steel sector companies. In order to assess whether this impact is statistically significant or not the t and significant values are obtained which are -2.261 and 0.024, as the significant value is greater than 0.01 (99%) but it is less than 0.05 (95%) level of significance hence, it is significant at 95% level of significance as such, the impact is statistically significant therefore, the null hypothesis H0 8(S) is rejected and the alternate hypothesis HA 8(S) is accepted.

5.4.9 Cash Flows (CF) with Retained Earnings (RE)

Null Hypothesis: H0 9(S): There is no significant impact of cash flows (CF) on retained earnings (RE) of steel sector companies.

Alternate Hypothesis: HA 9(S): There is a significant impact of cash flows (CF) on retained earnings (RE) of steel sector companies.

Multiple regression test results gives a very low regression coefficient (beta value) of 0.000 it indicates a neutral impact of cash flows on retained earnings for steel sector companies. To check the statistical significance of this impact the t and significant values are obtained which are -0.073 and 0.942, since, the significant value is greater than 0.01
(99%) and also greater than 0.05 (95%) level of significance as such statistically this impact is not significant therefore, the null hypothesis H0 9(S) has failed to be rejected.

5.4.10 Corporate Tax (CT) with Retained Earnings (RE)

**Null Hypothesis: H0 10(S):** There is no significant impact of corporate tax (CT) on retained earnings (RE) steel sector companies.

**Alternate Hypothesis: HA 10(S):** There is a significant impact of corporate tax (CT) on retained earnings (RE) steel sector companies.

Multiple regression tests gives a very low regression coefficient (beta value) of -0.745 which indicates a negative impact of corporate tax on retained earnings for steel sector companies. In order to validate the statistical significance of this impact the t and significant values are obtained which are 0.453 and 0.651, as the significant value is greater than 0.01 (99%) and also greater than 0.05 (95%) level of significance it means statistically there is no significant impact of corporate tax on retained earnings for steel sector companies therefore, the null hypothesis H0 10(S) has failed to be rejected.

The value of R Square (coefficient of determination) in Table 5.4.11 for steel sector is equal to 0.82 which indicates that 82% variance in the dependent variable i.e. retained earnings is explained by the independent variables. The table is given below and on the following next page.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Beta (β)</th>
<th>t</th>
<th>Sig.</th>
<th>R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>1.025</td>
<td>-23.084</td>
<td>0.000</td>
<td>0.82</td>
</tr>
<tr>
<td>PAT</td>
<td>-0.950</td>
<td>2342.228</td>
<td>0.000**</td>
<td></td>
</tr>
<tr>
<td>DP</td>
<td>0.000</td>
<td>-773.143</td>
<td>0.000**</td>
<td></td>
</tr>
<tr>
<td>RES</td>
<td>0.946</td>
<td>1020.645</td>
<td>0.000**</td>
<td></td>
</tr>
<tr>
<td>CR</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
5.5 Analysis and Interpretation for Cement Sector

On the basis of hypotheses developed for cement sector companies, following analysis is done with the help of multiple linear regression by testing each framed hypothesis for each independent variable with dependent variable i.e. retained earnings. The variables cash flows, corporate tax and interest were dropped from the analysis due to the problem of multi collinearity in case of cement sector companies. Multiple regression results for cement sector have been given in Table 5.5.9.

5.5.1 Profit after Tax (PAT) with Retained Earnings (RE)

Null Hypothesis: H0 1(C): There is no significant impact of profit after tax (PAT) on retained earnings (RE) of cement sector companies.

Alternate Hypothesis: HA 1(C): There is a significant impact of profit after tax (PAT) on retained earnings (RE) of cement sector companies.

Multiple regression test results gives a positive regression coefficient (beta value) of 1.018, it means there is a positive impact of profit after tax on retained earnings for cement sector companies. To assess the statistical significance of this impact the t and significant values are obtained which are 189.438 and 0.000. As the significant value is less than 0.01 (99%) and less than 0.05 (95%) level of significance it means statistically

\[
\begin{array}{|c|c|c|c|}
\hline
\text{DER} & 0.000 & -0.264 & 0.792 \\
\hline
\text{INVS} & 0.000 & 0.136 & 0.892 \\
\hline
\text{INVN} & 0.002 & 2.214 & 0.027^* \\
\hline
\text{DEP} & -0.001 & -2.261 & 0.024^* \\
\hline
\text{CF} & 0.000 & -0.073 & 0.942 \\
\hline
\text{CT} & -0.745 & 0.453 & 0.651 \\
\hline
\end{array}
\]

** Represents Significant at 99% level of significance
* Represents Significant at 95% level of significance
the impact is highly significant therefore, the null hypothesis $H_0\ 1(C)$ is rejected and the alternate hypothesis $H_A\ 1(C)$ is accepted.

5.5.2 Dividend Paid (DP) with Retained Earnings (RE)

Null Hypothesis: $H_0\ 2(C)$: There is no significant impact of dividend paid (DP) on retained earnings (RE) of cement sector companies.

Alternate Hypothesis: $H_A\ 2(C)$: There is a significant impact of dividend paid (DP) on retained earnings (RE) of cement sector companies.

It is inferred from multiple regression test that there is a negative impact of dividend paid on retained earnings for cement sector companies as the regression coefficient (beta value) is negative with value of -0.986. To ascertain whether this impact is statistically significant or not the t and significant values are obtained which are -80.126 and 0.000, as the significant value is less than 0.01 (99%) and less than 0.05 (95%) level of significance, it means the impact is statistically highly significant therefore, the null hypothesis $H_0\ 2(C)$ is rejected and the alternate hypothesis $H_A\ 2(C)$ is accepted.

5.5.3 Reserves (RES) with Retained Earnings (RE)

Null Hypothesis: $H_0\ 3(C)$: There is no significant impact of reserves (RES) on retained earnings (RE) of cement sector companies.

Alternate Hypothesis: $H_A\ 3(C)$: There is a significant impact of reserves (RES) on retained earnings (RE) of cement sector companies.

Multiple regression tests gives a very low regression coefficient (beta value) of 0.000 which means the impact of reserves on retained earnings is neutral for cement sector companies. In order to know whether this impact is statistically significant or not the t and significant values are obtained that are 0.125 and 0.901, as the significant value is greater than 0.01(99%) and also greater than 0.05 (95%) so statistically the impact is not significant hence, the null hypothesis $H_0\ 3(C)$ has failed to be rejected.
5.5.4 Current Ratio (CR) with Retained Earnings (RE)

**Null Hypothesis: H0 4(C):** There is no significant impact of current ratio (CR) on retained earnings (RE) of cement sector companies.

**Alternate Hypothesis: HA 4(C):** There is a significant impact of current ratio (CR) on retained earnings (RE) of cement sector companies.

Multiple regression test results gives a positive regression coefficient (beta value) of 0.821 which indicates a positive impact of current ratio on retained earnings for cement sector companies. To find the statistical significance of this impact the t and significant values are obtained which are 1.256 and 0.210. Since, the significant value is greater than 0.01 (99%) and also greater than 0.05 (95%) level of significance as such, this impact statistically is not significant therefore, the null hypothesis H0 4(C) has failed to be rejected.

5.5.5 Debt Equity Ratio (DER) with Retained Earnings (RE)

**Null Hypothesis: H0 5(C):** There is no significant impact of debt equity ratio (DER) on retained earnings (RE) of cement sector companies.

**Alternate Hypothesis: HA 5(C):** There is a significant impact of debt equity ratio (DER) on retained earnings (RE) of cement sector companies.

Multiple regression test results gives a positive regression coefficient (beta value) of 0.041 it indicates a positive impact of debt equity ratio on retained earnings for cement sector companies. For checking whether the impact is statistically significant or not the t and significant values are obtained which are 5.871 and 0.000, as the significant value is less than 0.01 (99%) and less than 0.05 (95%) level of significance therefore, statistically the impact is highly significant hence, the null hypothesis H0 5(C) is rejected and the alternate hypothesis HA 5(C) is accepted.

5.5.6 Investment (INVS) with Retained Earnings (RE)

**Null Hypothesis: H0 6(C):** There is no significant impact of investment (INVS) on retained earnings (RE) of cement sector companies.
Alternate Hypothesis: HA 6(C): There is a significant impact of investment (INVS) on retained earnings (RE) of cement sector companies.

Multiple regression test results give a negative regression coefficient (beta value) of -0.029 that indicates a negative impact of investment on retained earnings for cement sector companies. To assess the statistical significance of this impact the t and significant values are obtained which are -10.595 and 0.000, as the significant value is less than 0.01 (99%) and less than 0.05 (95%) level of significance, it means the impact is statistically highly significant therefore, the null hypothesis H0 6(C) is rejected and the alternate hypothesis HA 6(C) is accepted.

5.5.7 Inventory (INV) with Retained Earnings (RE)

Null Hypothesis: H0 7(C): There is no significant impact of inventory (INV) on retained earnings (RE) of cement sector companies.

Alternate Hypothesis: HA 7(C): There is a significant impact of inventory (INV) on retained earnings (RE) of cement sector companies.

Findings of the multiple regression test results gives a positive regression coefficient (beta) value of 0.028, it indicates a positive impact of inventory on retained earnings for cement sector companies. Whether this impact statistically significant or not the t and significant values are obtained which are 3.766 and 0.000, since, the significant value is less than 0.01 (99%) and less than 0.05 (95%) level of significance hence, statistically this impact is highly significant therefore, the null hypothesis H0 7(C) is rejected and the alternate hypothesis HA 7(C) is accepted.

5.5.8 Depreciation (DEP) with Retained Earnings (RE)

Null Hypothesis: H0 8(C): There is no significant impact of depreciation (DEP) on retained earnings (RE) of cement sector companies.

Alternate Hypothesis: HA 8(C): There is a significant impact of depreciation (DEP) on retained earnings (RE) of cement sector companies.
Multiple regression test results gives a regression coefficient (beta value) of -0.926, it means there is a negative impact of depreciation on retained earnings for cement sector companies. To assess the statistical significance of this impact the t and significant values are obtained which are 68.596 and 0.000, as the significant value is less than 0.01 (99%) and less than 0.05 (95%) level of significance hence, the impact is statistically highly significant therefore, the null hypothesis H0 8(C) is rejected and the alternate hypothesis HA 8(C) is accepted.

The value of R Square (coefficient of determination) in Table 5.5.9 for cement sector is equal to 0.94 which indicates that 94% variance in the dependent variable i.e. retained earnings is explained by the independent variables.

### Table 5.5.9. Analysis of Cement Sector

<table>
<thead>
<tr>
<th>Variable</th>
<th>Beta (β)</th>
<th>t</th>
<th>Sig.</th>
<th>R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td></td>
<td>-27.087</td>
<td>0.000</td>
<td>0.94</td>
</tr>
<tr>
<td>PAT</td>
<td>1.018</td>
<td>189.438</td>
<td>0.000**</td>
<td></td>
</tr>
<tr>
<td>DP</td>
<td>-0.986</td>
<td>-80.126</td>
<td>0.000**</td>
<td></td>
</tr>
<tr>
<td>RES</td>
<td>0.000</td>
<td>0.125</td>
<td>0.901</td>
<td></td>
</tr>
<tr>
<td>CR</td>
<td>0.821</td>
<td>1.256</td>
<td>0.210</td>
<td></td>
</tr>
<tr>
<td>DER</td>
<td>0.041</td>
<td>5.871</td>
<td>0.000**</td>
<td></td>
</tr>
<tr>
<td>INVS</td>
<td>-0.029</td>
<td>-10.595</td>
<td>0.000**</td>
<td></td>
</tr>
<tr>
<td>INVN</td>
<td>0.028</td>
<td>3.766</td>
<td>0.000**</td>
<td></td>
</tr>
<tr>
<td>DEP</td>
<td>-0.926</td>
<td>-68.956</td>
<td>0.000**</td>
<td></td>
</tr>
</tbody>
</table>

** Represents Significant at 99% level of significance
5.6 Analysis and Interpretation for Petroleum Sector

On the basis of hypotheses developed for petroleum sector companies, with the help of multiple regression analysis following interpretations is made by testing each independent variable with dependent variable i.e. retained earnings. The variable interest was dropped from the analysis due to the problem of multi collinearity. The results of multiple regression for petroleum sector are presented in Table 5.6.11.

5.6.1 Profit after Tax (PAT) with Retained Earnings (RE)

Null Hypothesis: \( H_0 \ 1(P) \): There is no significant impact of profit after tax (PAT) on retained earnings (RE) of petroleum sector companies.

Alternate Hypothesis: \( H_A \ 1(P) \): There is a significant impact of profit after tax (PAT) on retained earnings (RE) of petroleum sector companies.

It is inferred from multiple regression test results which gives a positive regression coefficient (beta value) of 1.066 which indicates a positive impact of profit after tax on retained earnings for petroleum sector companies. To check the statistical significance of this impact the t and significant values are obtained which are 66.030 and 0.000, since, the significant value is less than 0.01 (99%) and also less than 0.05 (95%) level of significance thus, statistically the impact is highly significant as such, the null hypothesis \( H_0 \ 1(P) \) is rejected and the alternate hypothesis \( H_A \ 1(P) \) is accepted.

5.6.2 Dividend Paid (DP) with Retained Earnings (RE)

Null Hypothesis: \( H_0 \ 2(P) \): There is no significant impact of dividend paid (DP) on retained earnings (RE) of petroleum sector companies.

Alternate Hypothesis: \( H_A \ 2(P) \): There is a significant impact of dividend paid (DP) on retained earnings (RE) of petroleum sector companies.

Test of multiple regression results gives a negative regression coefficient (beta value) of -0.372, it means there is a negative impact of dividend paid on retained earnings for petroleum sector companies. To check the statistical significance of this impact the t and significant values are obtained which are -21.645 and 0.000, since, the significant value is
less than 0.01 (99%) and less than 0.05 (95%) level of significance hence, statistically the impact is highly significant therefore, the null hypothesis $H_0 \ 2(P)$ is rejected and the alternate hypothesis $HA \ 2(P)$ is accepted.

5.6.3 Reserves (RES) with Retained Earnings (RE)

Null Hypothesis: $H_0 \ 3(P)$: There is no significant impact of reserves (RES) on retained earnings (RE) of petroleum sector companies.

Alternate Hypothesis: $HA \ 3(P)$: There is a significant impact of reserves (RES) on retained earnings (RE) of petroleum sector companies.

Multiple regression test results give a positive regression coefficient (beta value) of 0.784 it means there is a positive impact of reserves on retained earnings for petroleum sector companies. To assess whether this impact is statistically significant or not the t and significant values are obtained which are 0.699 and 0.485 since the significant value is greater than 0.01 (99%) and also greater than 0.05 (95%) level of significance, it means statistically the impact is not significant therefore, the null hypothesis $H_0 \ 3(P)$ has failed to be rejected.

5.6.4 Current Ratio (CR) with Retained Earnings (RE)

Null Hypothesis: $H_0 \ 4(P)$: There is no significant impact of current ratio (CR) on retained earnings (RE) of petroleum sector companies.

Alternate Hypothesis: $HA \ 4(P)$: There is a significant impact of current ratio (CR) on retained earnings (RE) of petroleum sector companies.

Multiple regression test results gives a positive regression coefficient (beta) value of 0.799 which means there is a positive impact of current ratio on retained earnings for petroleum sector companies. In order to check whether this impact is statistically significant or not the t and significant values are derived which are 4.051 and 0.000, as the significant value is less than 0.01(99%) and less than 0.05 (95%) level of significance as such, the impact is statistically highly significant therefore, the null hypothesis $H_0 \ 4(P)$ is rejected and the alternate hypothesis $HA \ 4(P)$ is accepted.
5.6.5 Debt Equity Ratio (DER) with Retained Earnings (RE)

**Null Hypothesis: H0 5(P):** There is no significant impact of debt equity ratio (DER) on retained earnings (RE) of petroleum sector companies.

**Alternate Hypothesis: HA 5(P):** There is a significant impact of debt equity ratio (DER) on retained earnings (RE) of petroleum sector companies.

Regression test statistics gives a low regression coefficient (beta value) of 0.004 which indicates that there is a neutral impact of debt equity ratio on retained earnings for petroleum sector companies. To find the statistical significance of this impact the t and significant values are obtained which are 0.101 and 0.920, as the significant value is greater than 0.01 (99%) and also greater than 0.05 (95%) level of significance hence, the impact is statistically not significant therefore, the null hypothesis H0 5(P) has failed to be rejected.

5.6.6 Investment (INVS) with Retained Earnings (RE)

**Null Hypothesis: H0 6(P):** There is no significant impact of investment (INVS) on retained earnings (RE) of petroleum sector companies.

**Alternate Hypothesis: HA 6(P):** There is a significant impact of investment (INVS) on retained earnings (RE) of petroleum sector companies.

Test of multiple regression results gives a negative regression coefficient (beta value) of -0.114 that means there is a negative impact of investment on retained earnings for petroleum sector of companies. To assess whether the impact is statistically significant or not the t and significant values are obtained which are -0.781 and 0.435, since, the significant value is greater than 0.01 (99%) and also greater than 0.05 (95%) level of significance hence, the impact is statistically not significant therefore, the null hypothesis H0 6(P) has failed to be rejected.

5.6.7 Inventory (INV) with Retained Earnings (RE)

**Null hypothesis: H0 7(P):** There is no significant impact of inventory (INV) on retained earnings (RE) of petroleum sector companies.
Alternate hypothesis: HA 7(P): There is a significant impact of inventory (INV) on retained earnings (RE) of petroleum sector companies.

Multiple regression test results gives a negative regression coefficient (beta value) of -0.009, it means there is a negative impact of inventory on retained earnings for petroleum sector of companies. For assessing the statistical significance of this impact the t and significant values are obtained which are -0.483 and 0.629, as the significant value is greater than 0.01 (99%) and greater than 0.05 (95%) level of significance hence, the impact is statistically not significant therefore, the null hypothesis H0 7(P) has failed to be rejected.

5.6.8 Depreciation (DEP) with Retained Earnings (RE)

Null hypothesis: H0 8(P): There is no significant impact of depreciation (DEP) on retained earnings (RE) of petroleum sector companies.

Alternate Hypothesis: HA 8(P): There is a significant impact of depreciation (DEP) on retained earnings (RE) of petroleum sector companies.

Multiple regression test results gives a negative regression coefficient (beta value) of -0.015, which means there is a negative impact of depreciation on retained earnings for petroleum sector companies. In order to know the statistical significance of this impact the t and significant values are obtained which are -2.226 and 0.027 as the significant value is greater than 0.01 (99%) but it is less than 0.05 (95%) level of significance hence, it is significant at 95% level of significance as such, the impact is statistically significant therefore, the null hypothesis H0 8(P) is rejected and the alternate hypothesis HA 8 (P) is accepted.

5.6.9 Cash Flows (CF) with Retained Earnings (RE)

Null hypothesis: H0 9(P): There is no significant impact of cash flows (CF) on retained earnings (RE) of petroleum sector companies.

Alternate hypothesis: HA 9(P): There is a significant impact of cash flows (CF) on retained earnings (RE) of petroleum sector companies.
It is inferred from multiple regression results which gives a negative regression coefficient (beta value) of -0.205, it indicates that there is a negative impact of cash flows on retained earnings for petroleum sector companies. To assess the statistical significance of this impact the t and significant values are obtained which are -7.614 and 0.000, as the significant value is less than 0.01 (99%) and less than 0.05 (95%) level of significance hence, the impact is statistically significant therefore, the null hypothesis H0 9(P) is rejected and the alternate hypothesis HA 9(P) is accepted.

5.6.10 Corporate Tax (CT) with Retained Earnings (RE)

Null hypothesis: H0 10(P): There is no significant impact of corporate tax (CT) on retained earnings (RE) of petroleum sector companies.

Alternate hypothesis: HA 10(P): There is a significant impact of corporate tax (CT) on retained earnings (RE) of petroleum sector companies.

It is inferred from multiple regression test which gives a negative regression coefficient (beta value) of -0.088, which indicates a negative impact of corporate tax on retained earnings for petroleum sector companies. For finding the statistical significance of this impact the t and significant values are obtained which are -0.520 and 0.603, as the significant value is greater than 0.01(99%) and also greater than 0.05 (95%) level of significance hence, the impact is statistically not significant therefore, the null hypothesis H0 10(P) has failed to be rejected.

The value of R Square (coefficient of determination) in Table 5.6.11 for petroleum sector is equal to 0.92 which indicates that 92% variance in the dependent variable i.e. retained earnings is explained by the independent variables.

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<th>Variable</th>
<th>Beta (β)</th>
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<th>Sig</th>
<th>R Square</th>
</tr>
</thead>
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<td>(Constant)</td>
<td>-0.214</td>
<td>66.030</td>
<td>0.000**</td>
<td>0.92</td>
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Table 5.6.11. Analysis of Petroleum Sector
5.7 Analysis and Interpretation for Textile Sector

On the basis of hypotheses developed for textile sector companies, following analysis is done with the help of multiple regression by testing each framed hypothesis for each independent variable with dependent variable i.e. retained earnings. The variables depreciation, cash flows, corporate tax and interest were dropped from the analysis due to the problem of multi collinearity in case of textile sector companies. The results of multiple regression for textile sector are given in Table 5.7.8

5.7.1 Profit after Tax (PAT) with Retained Earnings (RE)

**Null Hypothesis: H0 1(T):** There is no significant impact of profit after tax (PAT) on retained earnings (RE) of textile sector companies.

**Alternate Hypothesis: HA 1(T):** There is a significant impact of profit after tax (PAT) on retained earnings (RE) of textile sector companies.
Multiple regression test results gives a positive regression coefficient (beta value) of 0.923 that indicates there is a positive impact of profit after tax on retained earnings for textile sector companies. For assessing the statistical significance of this impact the t and significant values are obtained which are 162.114 and 0.000, as the significant value is less than 0.01 (99%) and less than 0.05 (95%) level of significance hence, the impact is statistically highly significant therefore, the null hypothesis H0 1(T) is rejected and the alternate hypothesis HA 1(T) is accepted.

5.7.2 Dividend Paid (DP) with Retained Earnings (RE)

Null Hypothesis: H0 2(T): There is no significant impact of dividend paid (DP) on retained earnings (RE) of textile sector companies.

Alternate Hypothesis: HA 2(T): There is a significant impact of dividend paid (DP) on retained earnings (RE) of textile sector companies.

Multiple regression test results give a negative regression coefficient (beta) value of -0.012, which indicates there is a negative impact of dividend paid on retained earnings for textile sector companies. For assessing the statistical significance of this impact the t and significant values are obtained which are -4.618 and 0.000, as the significant value is less than 0.01 (99%) and less than 0.05 (95%) level of significance hence, the impact is statistically highly significant therefore, the null hypothesis H0 2(T) is rejected and the alternate hypothesis HA 2(T) is accepted.

5.7.3 Reserves (RES) with Retained Earnings (RE)

Null Hypothesis: H0 3(T): There is no significant impact of reserves (RES) on retained earnings (RE) of textile sector companies.

Alternate Hypothesis: HA 3(T): There is a significant impact of reserves (RES) on retained earnings (RE) of textile sector companies.

Multiple regression test results gives a positive regression coefficient (beta value) of 0.891 which means there is a positive impact of reserves on retained earnings for textile sector companies. To check whether this impact is statistically significant or not the t and
significant values are obtained which are 2.892 and 0.004, as the significant value is greater than 0.01 (99%) but less than 0.05 (95%) level of significance as such it is significant at 95% level of significance hence, the impact is statistically significant therefore, the null hypothesis H0 3(T) is rejected and the alternate hypothesis HA 3(T) is accepted.

5.7.4 Current Ratio (CR) with Retained Earnings (RE)

Null Hypothesis: H0 4(T): There is no significant impact of current ratio (CR) on retained earnings (RE) of textile sector companies.

Alternate Hypothesis: HA 4(T): There is a significant impact of current ratio (CR) on retained earnings (RE) of textile sector companies.

It is inferred from the multiple regression test that there is a neutral impact of current ratio on retained earnings of textile sector companies as regression coefficient (beta value) is low with value of 0.002 that indicates there is a neutral impact of current ratio on retained earnings for textile sector companies. For assessing the statistical significance of this impact the t and significant values are obtained which are 0.260 and 0.795, as the significant value is greater than 0.01 (99%) and also greater than 0.05 (95%) level of significance hence, the impact is statistically not significant therefore, the null hypothesis H0 4(T) has failed to be rejected.

5.7.5 Debt Equity Ratio (DER) with Retained Earnings (RE)

Null Hypothesis: H0 5(T): There is no significant impact of debt equity ratio (DER) on retained earnings (RE) of textile sector companies.

Alternate Hypothesis: HA 5(T): There is a significant impact of debt equity ratio (DER) on retained earnings (RE) of textile sector companies.

Validating the impact of debt equity ratio on retained earnings for textile sector companies, multiple regression results gives a negative regression coefficient (beta value) of -0.043 which shows a negative impact of debt equity ratio on retained earnings for textile sector companies. To assess whether this impact is statistically significant or not
the t and significant values are obtained which are -6.732 and 0.000, as the significant value is less than 0.01 (99%) and less than 0.05 (95%) level of significance hence, the impact is statistically highly significant therefore, the null hypothesis H0 5(T) is rejected and the alternate hypothesis HA 5(T) is accepted.

5.7.6 Investment (INVS) with Retained Earnings (RE)

Null Hypothesis: HO 6(T): There is no significant impact of investment (INVS) on retained earnings (RE) of textile sector companies.

Alternate Hypothesis: HA 6(T): There is a significant impact of investment (INVS) on retained earnings (RE) of textile sector companies.

It is inferred from multiple regression test results which gives a positive regression coefficient (beta value) of 0.015 that indicates there is a positive impact of investment on retained earnings for textile sector companies. For assessing the statistical significance of this impact the t and significant values are obtained which are 1.498 and 0.135, as the significant value is greater than 0.01 (99%) and greater than 0.05 (95%) level of significance hence, the impact is statistically not significant therefore, the null hypothesis H0 6(T) has failed to be rejected.

5.7.7 Inventory (INV) with Retained Earnings (RE)

Null Hypothesis: HO 7(T): There is no significant impact of inventory (INV) on retained earnings (RE) of textile sector companies.

Alternate Hypothesis: HA 7(T): There is a significant impact of inventory (INV) on retained earnings (RE) of textile sector companies.

Multiple regression test results gives a positive regression coefficient (beta value) of 0.110 that indicates there is a positive impact of inventory on retained earnings for textile sector companies. For assessing the statistical significance of this impact the t and significant values are obtained which are 7.657 and 0.000, as the significant value is less than 0.01 (99%) and less than 0.05 (95%) level of significance hence, the impact is
statistically highly significant therefore, the null hypothesis H0 7(T) is rejected and the alternate hypothesis HA 7(T) is accepted.

The value of R Square (coefficient of determination) in Table 5.7.8 for textile sector is equal to 0.88 which indicates that 88% variance in the dependent variable i.e. retained earnings is explained by the independent variables.

Table 5.7.8. Analysis of Textile Sector

<table>
<thead>
<tr>
<th>Variable</th>
<th>Beta (β)</th>
<th>t</th>
<th>Sig</th>
<th>R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td></td>
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<td>0.88</td>
</tr>
<tr>
<td>PAT</td>
<td>0.923</td>
<td>162.114</td>
<td>0.000**</td>
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</tr>
<tr>
<td>DP</td>
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<td>- 4.618</td>
<td>0.000**</td>
<td></td>
</tr>
<tr>
<td>RES</td>
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</tr>
<tr>
<td>CR</td>
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</tr>
<tr>
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<td>- 6.732</td>
<td>0.000**</td>
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</tr>
<tr>
<td>INVS</td>
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<tr>
<td>INVN</td>
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<td>0.000**</td>
<td></td>
</tr>
</tbody>
</table>

** Represents Significant at 99% level of significance
* Represents Significant at 95% level of significance

The table of Summary of hypotheses testing and results is given in the tabular form for the interpretations made on the following next page.
<table>
<thead>
<tr>
<th>S.No</th>
<th>Hypothesis</th>
<th>Variable</th>
<th>Beta</th>
<th>Sig At</th>
<th>Results</th>
</tr>
</thead>
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<tr>
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<td>H01: There is no significant impact of profit after tax (PAT) on retained earnings (RE).</td>
<td>PAT</td>
<td>1.072</td>
<td>0.000**</td>
<td>Reject Null</td>
</tr>
<tr>
<td>2</td>
<td>H02: There is no significant impact of dividend paid (DP) on retained earnings (RE).</td>
<td>DP</td>
<td>-0.427</td>
<td>0.000**</td>
<td>Reject Null</td>
</tr>
<tr>
<td>3</td>
<td>H03: There is no significant impact of reserves (RES) on retained earnings (RE).</td>
<td>RES</td>
<td>0.003</td>
<td>0.378</td>
<td>Failed to be Rejected</td>
</tr>
<tr>
<td>4</td>
<td>H04: There is no significant impact of current ratio (CR) on retained earnings (RE).</td>
<td>CR</td>
<td>0.551</td>
<td>0.000**</td>
<td>Reject Null</td>
</tr>
<tr>
<td>5</td>
<td>H05: There is no significant impact of debt equity ratio (DER) on retained earnings (RE).</td>
<td>DER</td>
<td>0.000</td>
<td>0.996</td>
<td>Rejected</td>
</tr>
<tr>
<td>6</td>
<td>H06: There is no significant impact of investment (INVS) on retained earnings (RE).</td>
<td>INVS</td>
<td>-0.033</td>
<td>0.003*</td>
<td>Hypothesis</td>
</tr>
<tr>
<td>7</td>
<td>H07: There is no significant impact of inventory (INV) on retained earnings (RE).</td>
<td>INV</td>
<td>-0.012</td>
<td>0.082</td>
<td>Rejected</td>
</tr>
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<td>8</td>
<td>H08: There is no significant impact of depreciation (DEP) on retained earnings (RE).</td>
<td>DEP</td>
<td>-0.007</td>
<td>0.029*</td>
<td>Hypothesis</td>
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<tr>
<td>9</td>
<td>H09: There is no significant impact of cash flows (CF) on retained earnings (RE).</td>
<td>CF</td>
<td>-0.096</td>
<td>0.000**</td>
<td>Hypothesis</td>
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<tr>
<td>10</td>
<td>H010: There is no significant impact of corporate tax (CT) on retained earnings (RE).</td>
<td>CT</td>
<td>-0.027</td>
<td>0.000**</td>
<td>Rejected</td>
</tr>
<tr>
<td>11</td>
<td>H01 (PH): There is no significant impact of profit after tax (PAT) on retained earnings (RE) of pharmaceutical sector companies.</td>
<td>PAT</td>
<td>1.003</td>
<td>0.000**</td>
<td>Hypothesis</td>
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<td>12</td>
<td>H02 (PH): There is no significant impact of dividend paid (DP) on retained earnings (RE) of pharmaceutical sector companies.</td>
<td>DP</td>
<td>-1.030</td>
<td>0.000**</td>
<td>Hypothesis</td>
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<td>13</td>
<td>H03 (PH): There is no significant impact of reserves (RES) on retained earnings (RE) of pharmaceutical sector companies.</td>
<td>RES</td>
<td>-0.004</td>
<td>0.038*</td>
<td>Hypothesis</td>
</tr>
<tr>
<td></td>
<td>Hypothesis</td>
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<td>14</td>
<td>H04 (PH): There is no significant impact of current ratios (CR) on retained earnings (RE) of pharmaceutical sector companies.</td>
<td>CR</td>
<td>0.023</td>
<td>0.000** Reject Null Hypothesis</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>H05 (PH): There is no significant impact of debt equity ratio (DER) on retained earnings (RE) of pharmaceutical sector companies.</td>
<td>DER</td>
<td>0.040</td>
<td>0.000** Reject Null Hypothesis</td>
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<td>16</td>
<td>H06 (PH): There is no significant impact of inventory (INVS) on retained earnings (RE) of pharmaceutical sector companies.</td>
<td>INVS</td>
<td>0.013</td>
<td>0.136 Failed to be Rejected</td>
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<td>17</td>
<td>H07 (PH): There is no significant impact of inventory (INV) on retained earnings (RE) of pharmaceutical sector companies.</td>
<td>INV</td>
<td>0.106</td>
<td>0.000** Reject Null Hypothesis</td>
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<tr>
<td>18</td>
<td>H08 (PH): There is no significant impact of inventory (DEP) on retained earnings (RE) of pharmaceutical sector companies.</td>
<td>DEP</td>
<td>-0.849</td>
<td>0.000** Reject Null Hypothesis</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>H01 (S): There is no significant impact of profit after tax (PAT) on retained earnings (RE) of steel sector companies.</td>
<td>PAT</td>
<td>1.025</td>
<td>0.000** Reject Null Hypothesis</td>
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<tr>
<td>20</td>
<td>H02 (S): There is no significant impact of dividend paid (DP) on retained earnings (RE) of steel sector companies.</td>
<td>DP</td>
<td>-0.950</td>
<td>0.000** Reject Null Hypothesis</td>
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<tr>
<td>21</td>
<td>H03 (S): There is no significant impact of reserves (RES) on retained earnings (RE) of steel sector companies.</td>
<td>RES</td>
<td>0.000</td>
<td>0.916 Failed to be Rejected</td>
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<tr>
<td>22</td>
<td>H04 (S): There is no significant impact of current ratio (CR) on retained earnings (RE) of steel sector companies.</td>
<td>CR</td>
<td>0.946</td>
<td>0.000** Reject Null Hypothesis</td>
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<td>23</td>
<td>H05 (S): There is no significant impact of debt equity ratio (DER) on retained earnings</td>
<td>DER</td>
<td>0.000</td>
<td>0.792 Failed to be Rejected</td>
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<td>No.</td>
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<td>Description</td>
<td>Variable</td>
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<td>P-value</td>
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<tr>
<td>24</td>
<td>H06 (S)</td>
<td>There is no significant impact of investment (INVS) on retained earnings (RE) of steel sector companies.</td>
<td>INVS</td>
<td>0.000</td>
<td>0.892</td>
</tr>
<tr>
<td>25</td>
<td>H07 (S)</td>
<td>There is no significant impact of inventory (INV) on retained earnings (RE) of steel sector companies.</td>
<td>INV</td>
<td>0.002</td>
<td>0.027*</td>
</tr>
<tr>
<td>26</td>
<td>H08 (S)</td>
<td>There is no significant impact of depreciation (DEP) on retained earnings (RE) of steel companies.</td>
<td>DEP</td>
<td>-0.001</td>
<td>0.024*</td>
</tr>
<tr>
<td>27</td>
<td>H09 (S)</td>
<td>There is no significant impact of cash flows (CF) on retained earnings (RE) of steel sector companies.</td>
<td>CF</td>
<td>0.000</td>
<td>0.942</td>
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<tr>
<td>28</td>
<td>H010 (S)</td>
<td>There is no significant impact of corporate tax (CT) on retained earnings (RE) of steel sector companies.</td>
<td>CT</td>
<td>-0.745</td>
<td>0.651</td>
</tr>
<tr>
<td>29</td>
<td>H01 (C)</td>
<td>There is no significant impact of profit after tax (PAT) on retained earnings (RE) of cement sector companies.</td>
<td>PAT</td>
<td>1.018</td>
<td>0.000**</td>
</tr>
<tr>
<td>30</td>
<td>H02 (C)</td>
<td>There is no significant impact of dividend paid (DP) on retained earnings (RE) of cement sector companies.</td>
<td>DP</td>
<td>-0.986</td>
<td>0.000**</td>
</tr>
<tr>
<td>31</td>
<td>H03 (C)</td>
<td>There is no significant impact of reserves (RES) on retained earnings (RE) of cement sector companies.</td>
<td>RES</td>
<td>0.000</td>
<td>0.901</td>
</tr>
<tr>
<td>32</td>
<td>H04 (C)</td>
<td>There is no significant impact of current ratio (CR) on retained earnings (RE) of cement sector companies.</td>
<td>CR</td>
<td>0.821</td>
<td>0.210</td>
</tr>
<tr>
<td>33</td>
<td>H05 (C)</td>
<td>There is no significant impact of debt equity ratio (DER) on retained earnings</td>
<td>DER</td>
<td>0.041</td>
<td>0.000**</td>
</tr>
</tbody>
</table>
(RE) of cement sector companies.

<table>
<thead>
<tr>
<th>H06(C): There is no significant impact of investment (INVS) on retained earnings (RE) of cement sector companies.</th>
<th>INVS</th>
<th>-0.029</th>
<th>0.000**</th>
<th>Reject Null Hypothesis</th>
</tr>
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<tbody>
<tr>
<td>H07(C): There is no significant impact of investment (INV) on retained earnings (RE) of cement sector companies.</td>
<td>INV</td>
<td>0.028</td>
<td>0.000**</td>
<td>Reject Null Hypothesis</td>
</tr>
<tr>
<td>H08(C): There is no significant impact of depreciation (DEP) on retained earnings (RE) of cement sector companies.</td>
<td>DEP</td>
<td>-0.926</td>
<td>0.000**</td>
<td>Reject Null Hypothesis</td>
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<tr>
<td>H01 (P): There is no significant impact of profit after tax (PAT) on retained earnings (RE) of petroleum sector companies.</td>
<td>PAT</td>
<td>1.066</td>
<td>0.000**</td>
<td>Reject Null Hypothesis</td>
</tr>
<tr>
<td>H02 (P): There is no significant impact of dividend paid (DP) on retained earnings (RE) of petroleum sector companies.</td>
<td>DP</td>
<td>-0.372</td>
<td>0.000**</td>
<td>Reject Null Hypothesis</td>
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<tr>
<td>H03 (P): There is no significant impact of reserves (RES) on retained earnings (RE) of petroleum sector companies.</td>
<td>RES</td>
<td>0.784</td>
<td>0.485</td>
<td>Failed to be Rejected</td>
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<tr>
<td>H04 (P): There is no significant impact of current ratio (CR) on retained earnings (RE) of petroleum companies.</td>
<td>CR</td>
<td>0.799</td>
<td>0.000**</td>
<td>Reject Null Hypothesis</td>
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<tr>
<td>H05 (P): There is no significant impact of debt equity ratio (DER) on retained earnings (RE) of petroleum sector companies.</td>
<td>DER</td>
<td>0.004</td>
<td>0.920</td>
<td>Failed to be Rejected</td>
</tr>
<tr>
<td>H06 (P): There is no significant impact of investment (INVS) on retained earnings (RE) of petroleum sector companies.</td>
<td>INVS</td>
<td>-0.114</td>
<td>0.435</td>
<td>Failed to be Rejected</td>
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<tr>
<td>H07 (P): There is no significant impact of inventory (INV) on retained earnings (RE) of petroleum sector companies.</td>
<td>INV</td>
<td>-0.009</td>
<td>0.629</td>
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<tr>
<td>Hypothesis</td>
<td>Description</td>
<td>Variable</td>
<td>Value</td>
<td>p-value</td>
</tr>
<tr>
<td>------------</td>
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<td>---------</td>
</tr>
<tr>
<td>H08 (P)</td>
<td>There is no significant impact of depreciation (DEP) on retained earnings (RE) of petroleum sector companies.</td>
<td>DEP</td>
<td>-0.015</td>
<td>0.027*</td>
</tr>
<tr>
<td>H09 (P)</td>
<td>There is no significant impact of cash flows (CF) on retained earnings (RE) of petroleum sector companies.</td>
<td>CF</td>
<td>-0.205</td>
<td>0.000**</td>
</tr>
<tr>
<td>H010 (P)</td>
<td>There is no significant impact of corporate tax (CT) on retained earnings (RE) of petroleum sector companies.</td>
<td>CT</td>
<td>-0.088</td>
<td>0.603</td>
</tr>
<tr>
<td>H01 (T)</td>
<td>There is no significant impact of profit after tax (PAT) on retained earnings (RE) of textile sector companies.</td>
<td>PAT</td>
<td>0.923</td>
<td>0.000**</td>
</tr>
<tr>
<td>H02 (T)</td>
<td>There is no significant impact of dividend paid (DP) on retained earnings (RE) of textile sector companies.</td>
<td>DP</td>
<td>0.005</td>
<td>0.000**</td>
</tr>
<tr>
<td>H03 (T)</td>
<td>There is no significant impact of reserves (RES) on retained earnings (RE) of textile sector companies.</td>
<td>RES</td>
<td>0.891</td>
<td>0.004*</td>
</tr>
<tr>
<td>H04 (T)</td>
<td>There is no significant impact of current ratio (CR) on retained earnings (RE) of textile sector companies.</td>
<td>CR</td>
<td>0.002</td>
<td>0.795</td>
</tr>
<tr>
<td>H05 (T)</td>
<td>There is no significant impact of debt equity ratio (DER) on retained earnings (RE) of textile sector companies.</td>
<td>DER</td>
<td>-0.043</td>
<td>0.000**</td>
</tr>
<tr>
<td>H06 (T)</td>
<td>There is no significant impact of investment (INVS) on retained earnings (RE) of textile sector companies.</td>
<td>INVS</td>
<td>0.015</td>
<td>0.135</td>
</tr>
</tbody>
</table>
H07 (T): There is no significant impact of inventory (INV) on retained earnings (RE) of textile sector companies.

| INV | 0.110 | 0.000** | Reject Null Hypothesis |

** Represents significant at 99% level of significance.
* Represents significant at 95% level of significance.