

Exploring the Dominant Factor of Share Valuation : A Study of Selected Industries in India

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The valuation of equity shares has remained an evergreen area of interest to the investing and academic fraternity. Widespread interest in this area has resulted in considerable theoretical and empirical research on various aspects of equity pricing. During the last half a century, a host of research-based models have been reported which can be broadly classified into models based on theory of financial economics that mainly focus on issues involved in finding the present value of share by discounting the projected future stream of returns and models based on accounting information that mainly try to relate the accounting numbers with the share value. This paper empirically assesses the influence of the top line-measured as sales or sales growth and the bottom line measured as EPS on equity valuations in India.