PREFACE

This present thesis contains the result of research undertaken in the Department of Commerce & Business Administration, Acharya Nagarjuna University. The purpose of this research work is to demonstrate a new approach to support the investors, while investing in stock markets. A number of empirical research works have been conducted in the area of equity share price determinants. There are many factors, which influence the market prices of the stocks of the companies. As the economic environment of each country differs, the influence and approach of factors thereby differs. Hence, there is a need to conduct a latest study in this direction on the variables influencing the equity share prices. Keeping in view of the importance of the topic of the study, an attempt is made by the researcher to bridge the gap in this field.

The market price of the share is most important and crucial variable for any business involved in stock market, due to its effect on the value and cost of a company’s share. The main objective of this study is to measure the relationship between stock prices and company specific intrinsic factors, such as, dividend per share, earnings per share, book value, and size in terms of sales, dividend yield, dividend payout, return on net worth and price to earnings ratio.

The other objectives are: to examine the empirical relationship between equity share prices and explanatory variables, such as book value per share, return on net worth, size in terms of sales, etc., to analyze the relationship between the equity share price and variables, such as earnings per share, price-earnings ratio, dividend yield, dividend per
share, dividend payout during the period of study, and also to evaluate the impact of select non-financial variables on the market price of the share and earnings per share of the select industrial companies. Finally, to suggest the measures for the efficient decision making of the prospective investors at the time of selecting the stocks of the companies to get better returns on their investments.

In the present analysis, the data was taken from the annual reports of the Bombay Stock Exchange and the SEBI. This study covers for a period of 10 years from 2003-04 to 2012-2013 to understand the market trend. For an empirical analysis, both financial and statistical techniques are employed and to get the precision of the results the SPSS software packages are used. These results are verified by applying t-test, F-test in appropriate cases.