



# “Investor Perception Towards Financial Factors Influencing Share Prices of IT Companies in India”

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**Abstract-** The present study examines the major financial factors influencing the share prices of selected IT firms in India. The research focuses on leading IT companies such as Tata Consultancy Services (TCS), Infosys, and Wipro. The study analyzes investor perception regarding financial indicators including Earnings Per Share (EPS), Return on Equity (ROE), Net Profit, Revenue Growth, Dividend Per Share (DPS), and firm size in influencing share price movements. The study is based on primary data collected from 100 respondents through a structured questionnaire. Percentage analysis, charts, and graphical representation methods were used for data interpretation. The findings reveal that EPS, ROE, and Net Profit are considered the most important factors influencing investment decisions and share price behavior. The study also highlights the impact of exchange rate fluctuations and revenue growth on IT firms due to their global exposure. Overall, the study emphasizes the importance of financial awareness and fundamental analysis in investment decision-making in the Indian IT sector.

**Keywords-** Share Price, IT Sector, EPS, ROE, Net Profit, Revenue Growth, Dividend Per Share, Investment Decisions, Stock Market.

## I. INTRODUCTION

The stock market plays a significant role in economic development by facilitating investment and capital formation. Share prices fluctuate continuously due to several financial and economic factors. The Information Technology (IT) sector is one of the most important sectors in India and contributes significantly to exports and GDP. Companies such as TCS, Infosys, and Wipro have strong international exposure, making their share prices highly sensitive to financial performance and global economic conditions. The study focuses on analyzing the impact of financial variables such as EPS, ROE, Net Profit, Revenue Growth, and firm size on the share prices of selected IT companies.

The present study aims to examine investor awareness regarding financial indicators and

analyze investor perception towards factors such as EPS, ROE, Net Profit, Dividend Policy, and Revenue Growth. The study also attempts to identify major factors influencing investment decisions and evaluate the importance of firm size and dividend policy in the IT sector.

## II. OBJECTIVES OF THE STUDY

- To identify the major financial factors influencing the share prices of selected IT companies.
- To examine the relationship between EPS and share price.
- To analyze the impact of ROE and Net Profit on share prices.
- To study the role of revenue growth, dividend policy, and firm size in investment decisions.



- To understand investor perception regarding factors influencing IT sector share prices.

### III. REVIEW OF LITERATURE

#### 3.1 Financial Indicators & Share Prices

Earnings Per Share (EPS), Return on Equity (ROE), Net Profit, and Dividend Per Share are important financial indicators influencing share prices. According to Sharma (2018), companies with higher EPS generally experience better share price performance because investors consider them financially strong. Patel and Shah (2019) found that firms with strong ROE attract more investors and positively affect market confidence. Mehta (2018) stated that higher net profit improves investor confidence and supports share price growth.

#### 3.2 Investor Perception & Behaviour

Investor perception plays an important role in investment decision-making. Investors often evaluate company performance based on financial awareness, profitability, and market expectations. Mishra (2017) explained that investor behavior is influenced by financial knowledge and perception towards company performance. Behavioural finance studies also suggest that investors rely on both financial analysis and personal expectations while making investment decisions.

#### 3.3 Role of Macroeconomic Factors

Macroeconomic factors such as inflation, exchange rates, and interest rates also influence share prices. Gupta (2017) highlighted that changes in economic conditions directly affect stock market performance. IT companies are highly influenced by exchange rate fluctuations because they generate significant revenue from international markets.

#### 3.4 IT Sector Specific Studies

Studies related to the Indian IT sector show that revenue growth, export performance, and global exposure significantly affect company performance and share prices. Kumar (2018) observed that strong revenue growth indicates business expansion and improves investor

confidence in IT companies. Large IT firms with stable earnings are generally preferred by investors.

#### 3.5 Research Gap

Most previous studies mainly focus on financial data analysis and statistical relationships between financial variables and share prices. However, limited research has been conducted on investor perception towards financial indicators in the Indian IT sector. Therefore, the present study attempts to examine investor perception regarding financial factors influencing share prices of IT companies in India.

### IV. RESEARCH METHODOLOGY

#### 4.1 Research Design

The present study follows a descriptive research design based on the survey method. The study focuses on understanding investor perception towards financial factors influencing share prices of IT companies in India. The descriptive design helps in analyzing investor opinions, awareness, and preferences regarding financial indicators such as EPS, ROE, Net Profit, DPS, and Revenue Growth.

#### 4.2 Data Collection

The study is based on primary data only. Data was collected through a structured questionnaire prepared to understand investor perception towards financial indicators affecting investment decisions in IT company shares. The questionnaire included close-ended questions related to investor awareness, preferences, and investment behavior.

#### 4.3 Sample Size

The sample size of the study consists of 100 respondents. The respondents include investors, students, salaried employees, and individuals interested in stock market investments.

#### 4.4 Sampling Method

The study used the convenience sampling method for selecting respondents. Respondents were



selected based on accessibility and willingness to participate in the survey.

#### 4.5 Variables of the Study

##### Independent Variables

- Earnings Per Share (EPS)
- Return on Equity (ROE)
- Net Profit
- Dividend Per Share (DPS)
- Revenue Growth

##### Dependent Variable

- Investment Decision / Investor Preference

#### 4.6 Tools Used

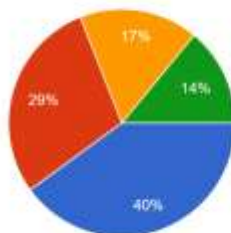
- Percentage Analysis
- Charts and Graphs

## V. DATA ANALYSIS AND INTERPRETATION

### Q1. What is your age group?

Response Category	Percentage (%)
Below 25	40%
25–35	29%
35–45	17%
Above 45	14%
Total	100%

1. What is your age group?  
100 responses



#### Interpretation:

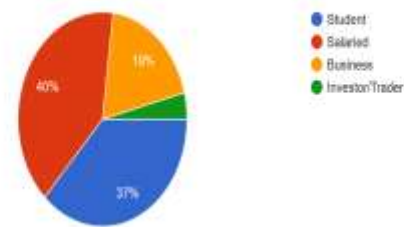
The data shows that the majority of respondents (40%) fall in the below 25 age group, followed by 29% in the 25–35 category. This indicates that a large portion of participants are young individuals, possibly students or early-stage professionals. Smaller proportions belong to the 35–45 (17%) and above 45 (14%) groups.

Overall, the survey is largely dominated by younger respondents, which may influence the investment preferences observed.

### Q2. What is your occupation?

Response Category	Percentage (%)
Student	37%
Salaried	38%
Business	19%
Investor/Trader	4%
Total	100%

2. What is your occupation?  
100 responses



#### Interpretation:

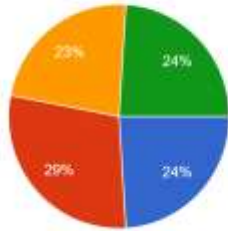
The data indicates that most respondents are either salaried individuals (38%) or students (37%), forming a major portion of the sample. This suggests that the survey largely represents individuals with either fixed income or those at the beginning of their careers. A smaller segment is involved in business (19%), while only a few respondents (4%) identify as investors or traders. Overall, the sample consists mainly of non-professional investors, which may reflect general investment awareness rather than expert-level insights.

### Q3. How long have you been investing in the stock market?

Response Category	Percentage (%)
Less than 1 year	24%
1–3 years	29%
3–5 years	23%
More than 5 years	24%
Total	100%



3. How long have you been investing in the stock market?  
100 responses



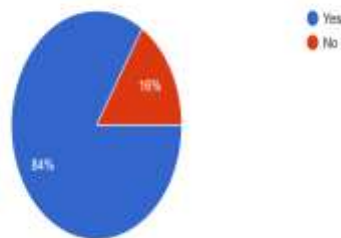
**Interpretation:**

The data shows a fairly balanced distribution of investment experience among respondents. The largest group (29%) has been investing for 1–3 years, indicating a significant number of moderately experienced investors. Equal proportions (24% each) fall under less than 1 year and more than 5 years, representing both beginners and highly experienced investors. Meanwhile, 23% have 3–5 years of experience. Overall, the sample includes a mix of new, intermediate, and experienced investors, providing a diverse perspective on investment behavior.

**Q4. Are you aware of Earnings Per Share (EPS)?**

Response Category	Percentage (%)
Yes	84%
No	16%
Total	100%

4. Are you aware of Earnings Per Share (EPS)?  
100 responses



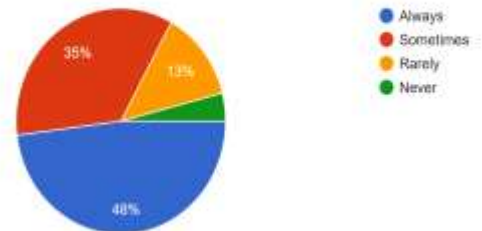
**Interpretation:**

The data indicates that a large majority (84%) of respondents are aware of Earnings Per Share (EPS), showing a good level of financial knowledge among participants. Only 16% are not aware of EPS, suggesting that a small portion lacks familiarity with this key financial metric. Overall, this reflects that most respondents have a basic understanding of important investment concepts, which may influence their decision-making in the stock market.

**Q5. Do you consider EPS while investing in IT company shares?**

Response Category	Percentage (%)
Always	48%
Sometimes	35%
Rarely	13%
Never	4%
Total	100%

5. Do you consider EPS while investing in IT company shares?  
100 responses



**Interpretation:**

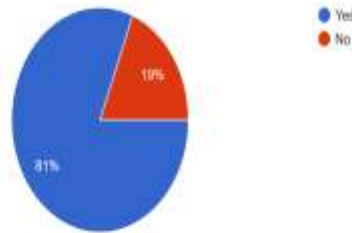
The data shows that a majority of respondents consider EPS while investing in IT company shares, with 48% always considering it and 35% doing so sometimes. This indicates that EPS is an important factor for most investors when making investment decisions. A smaller proportion considers it rarely (13%) or never (4%), suggesting that only a few investors do not rely on this metric. Overall, EPS is widely regarded as a key indicator in evaluating IT stocks.

**Q6. Are you aware of Return on Equity (ROE)?**



Response Category	Percentage (%)
Yes	81%
No	19%
Total	100%

6.Are you aware of Return on Equity (ROE)?  
100 responses



**Interpretation:**

The data indicates that a large majority (81%) of respondents are aware of Return on Equity (ROE), showing a good level of understanding of financial performance indicators. However, 19% are not aware of ROE, indicating that a notable portion still lacks knowledge of this important metric. Overall, most respondents are familiar with ROE, which may positively influence their investment decisions.

**Q7. How important is ROE in your investment decision?**

Response Category	Percentage (%)
Very Important	54%
Important	31%
Neutral	13%
Not Important	2%
Total	100%

7.How important is ROE in your investment decision?  
100 responses



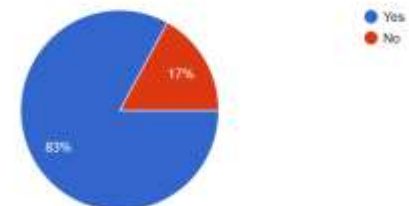
**Interpretation:**

The data shows that ROE is considered a highly important factor in investment decisions. A strong majority (85%) of respondents rate it as either very important or important, indicating that investors value a company’s efficiency in generating returns on equity. Only 13% are neutral and a very small percentage (2%) consider it not important. This highlights that ROE is widely regarded as a key financial indicator when evaluating stocks.

**Q8. Do you analyze Net Profit before investing in shares?**

Response Category	Percentage (%)
Yes	83%
No	17%
Total	100%

8.Do you analyze Net Profit before investing in shares?  
100 responses



**Interpretation:**

The data indicates that a large majority (83%) of respondents analyze net profit before making investment decisions, showing that profitability is

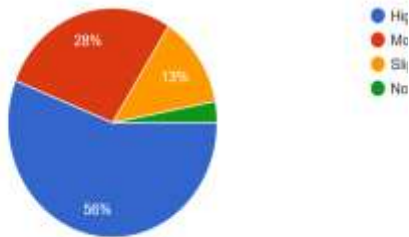


a crucial factor for investors. Only 17% do not consider net profit, suggesting that most respondents rely on fundamental financial performance indicators. Overall, net profit is viewed as an essential metric in evaluating investment opportunities.

**Q9. How much does Net Profit influence share price according to you?**

Response Category	Percentage (%)
Highly	56%
Moderately	28%
Slightly	13%
Not at all	3%
Total	100%

9. How much does Net Profit influence share price according to you  
100 responses



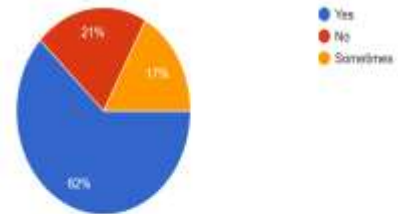
**Interpretation:**

The data shows that net profit is considered a major factor influencing share prices. A majority of respondents (56%) believe it has a high impact, while 28% consider the impact moderate. This indicates that most investors strongly associate profitability with stock price movements. Only a small portion believes the impact is slight (13%) or negligible (3%), highlighting that net profit is widely viewed as a key determinant of share price.

**Q10. Do you consider Dividend Per Share (DPS) while investing?**

Response Category	Percentage (%)
Yes	62%
No	21%
Sometimes	17%
Total	100%

10. Do you consider Dividend Per Share (DPS) while investing?  
100 responses



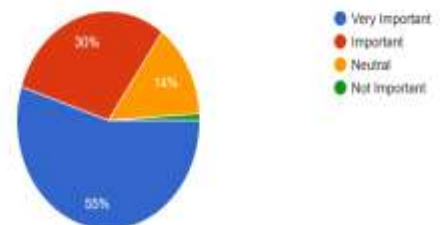
**Interpretation:**

The data indicates that a majority of respondents (62%) consider Dividend Per Share (DPS) while investing, showing that dividends are an important factor for many investors. However, 21% do not consider it, and 17% only consider it sometimes, suggesting that not all investors prioritize dividends equally. Overall, while DPS is significant, its importance varies among investors depending on their investment strategy.

**Q11. How important is Dividend in influencing share price?**

Response Category	Percentage (%)
Very Important	55%
Important	30%
Neutral	14%
Not Important	1%
Total	100%

11. How important is Dividend in influencing share price?  
100 responses



**Interpretation**

The data clearly shows that dividends play a significant role in influencing share prices. A strong majority (85%) of respondents consider dividends either very important or important. This

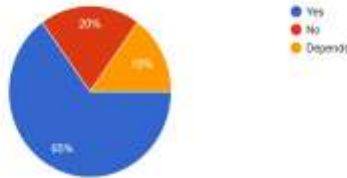


suggests that investors value regular income and financial stability when evaluating stocks. Only 14% remain neutral, and a negligible 1% consider dividends unimportant. This indicates that dividend policy is a key factor in investor decision-making, especially for risk-averse or income-focused investors.

**Q12. Do you prefer investing in large IT companies (based on market cap)?**

Response Category	Percentage (%)
Yes	65%
No	20%
Depends	15%
Total	100%

12. Do you prefer investing in large IT companies (based on market cap)?  
100 responses



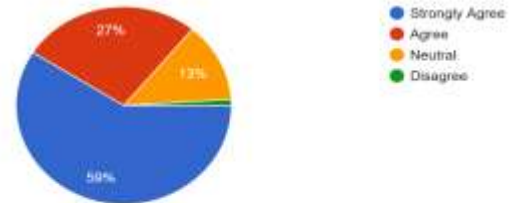
**Interpretation:**

The majority (65%) of respondents prefer investing in large IT companies, indicating a strong inclination toward established, stable, and lower-risk firms. These companies are often perceived as reliable with consistent returns. However, 20% do not prefer large IT firms, possibly due to interest in higher growth opportunities in mid/small-cap companies. Meanwhile, 15% say it depends, suggesting that factors like market conditions, company performance, and valuation also influence investment decisions.

**Q13. Does firm size (Total Assets / Market Cap) affect share price?**

Response Category	Percentage (%)
Strongly Agree	59%
Agree	27%
Neutral	13%
Disagree	1%
Total	100%

13. Does firm size (Total Assets / Market Cap) affect share price?  
100 responses



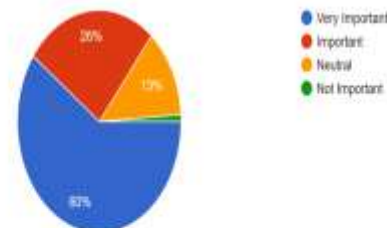
**Interpretation:**

The data clearly shows that firm size plays a significant role in influencing share prices. A large majority (86%) of respondents either strongly agree or agree that companies with higher assets or market capitalization tend to have an impact on share price. This reflects the perception that larger firms are more stable, reliable, and influential in the market. Only a small portion remains neutral (13%) or disagrees (1%), indicating very little doubt about this relationship.

**Q14. How important is Revenue/Sales Growth in your investment decision?**

Response Category	Percentage (%)
Very Important	60%
Important	26%
Neutral	13%
Not Important	1%
Total	100%

14. How important is Revenue/Sales Growth in your investment decision?  
100 responses



**Interpretation:**

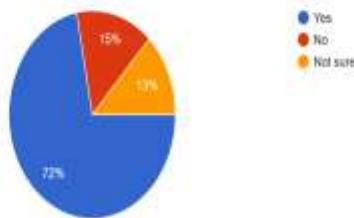


The data clearly indicates that revenue or sales growth is a key factor in investment decisions. A strong majority (86%) consider it either very important or important, showing that investors place high value on companies with strong growth potential. Only 13% are neutral and a negligible 1% consider it not important, suggesting that most respondents view sales growth as an essential indicator of future performance and profitability.

**Q15. Do you believe companies with higher sales growth have higher share prices?**

Response Category	Percentage (%)
Yes	72%
No	15%
Not Sure	13%
Total	100%

15. Do you believe companies with higher sales growth have higher share prices? 100 responses



**Interpretation:**

The data clearly shows that a strong majority (72%) of respondents believe that companies with higher sales growth tend to have higher share prices. This indicates that investors strongly associate revenue growth with increased market value and company performance. Only 15% disagree, while 13% remain uncertain, suggesting that very few respondents question this relationship. Overall, sales growth is widely perceived as an important factor influencing share prices

**Q16. How strongly do you think exchange rate impacts IT firms?**

Response Category	Percentage (%)
Highly	51%
Moderately	31%
Slightly	14%
Not at all	4%
Total	100%

Not at all	4%
Total	100%

16. How strongly do you think exchange rate impacts IT firms? 100 responses



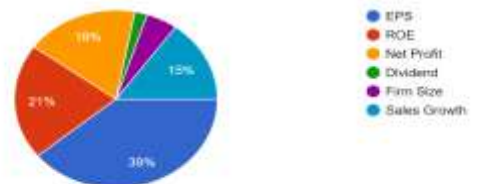
**Interpretation:**

The data indicates that most respondents believe exchange rates have a significant impact on IT firms. A combined 82% consider the impact to be either high or moderate, reflecting strong awareness of how currency fluctuations affect companies operating globally. Only a small percentage (18%) believe the impact is slight or not significant. This shows that exchange rates are viewed as an important external factor influencing the performance and profitability of IT companies.

**Q17. Which factor do you think influences share prices the most?**

Response Category	Percentage (%)
EPS	39%
ROE	21%
Net Profit	18%
Sales Growth	15%
Firm Size	5%
Dividend	2%
Total	100%

17. Which factor do you think influences share prices the most? 100 responses



**Interpretation:**

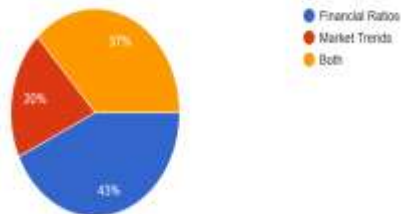


The data shows that Earnings Per Share (EPS) is considered the most influential factor affecting share prices, with 39% of respondents selecting it. This is followed by Return on Equity (ROE) at 21% and Net Profit at 18%, indicating that profitability measures are highly valued by investors. Sales growth (15%) also plays a notable role, while firm size (5%) and dividends (2%) are considered less influential. Overall, the results suggest that investors prioritize earnings and profitability indicators over other factors when evaluating share prices.

**Q18. Do you rely more on financial ratios or market trends?**

Response Category	Percentage(%)
Financial Ratios	43%
Market Trends	20%
Both	37%
Total	100%

18. Do you rely more on financial ratios or market trends?  
100 responses



**Interpretation:**

The data indicates that most respondents rely primarily on financial ratios (43%) when making investment decisions, highlighting the importance of fundamental analysis. A significant portion (37%) considers both financial ratios and market trends, suggesting a balanced approach to investing. Only 20% rely mainly on market trends, indicating that fewer investors depend solely on market movements. Overall, the findings show that investors tend to prioritize financial analysis, while also acknowledging the role of market trends.

**VI. FINDINGS OF THE STUDY**

- EPS is identified as the most influential factor affecting share prices.
- ROE and Net Profit are important indicators for evaluating company performance.
- Investors rely heavily on financial analysis before making investment decisions.
- Revenue growth positively influences investor confidence and share price movement.
- Large IT firms are considered more stable and attractive for long-term investment.
- Exchange rate fluctuations significantly affect IT companies due to global exposure.

**VII. CONCLUSION**

The study concludes that financial performance indicators such as EPS, ROE, Net Profit, and Revenue Growth have a strong influence on the share prices of selected IT firms in India. Among all variables, EPS is found to be the most significant factor influencing investor decisions. External factors such as exchange rates also impact IT companies because of their dependence on international markets. The findings highlight the importance of fundamental analysis in stock market investment decisions. Overall, both financial performance and economic conditions jointly influence share price behavior in the Indian IT sector.

The study also indicates that investors rely heavily on financial fundamentals while making investment decisions. Therefore, increasing investor awareness and financial literacy programs can help individuals make better investment choices. The study contributes to understanding investor behavior in the IT sector by providing perception-based insights regarding financial factors influencing share prices. It also adds academic value by highlighting the importance of financial literacy and investor awareness in stock market decision-making.



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