Value Relevance of Accounting Information of Listed Public Sector Banks in Bombay Stock Exchange.

Mwila Joseph Mulenga

PhD Scholar, Birla Institute of Management Technology (BIMTECH),

Plot No. 5, Knowledge Park, Greater Noida (NCR)

Assistant Lecturer, Institute of Finance Management (IFM), Shaaban Robert Street P.O.BOX 3918, Dar es Salaam, Tanzania.

E-mail address:mwilamulenga2011@gmail.com.

Abstract

This study aimed in providing empirical evidence related to value relevance of earnings per share, book value per share, return on equity and assets turnover ratio on the share price of public sector banks listed in Bombay stock exchange (S&P BSE 500). Study based on the uses of secondary data. Two panel data techniques (i.e. Fixed effect model and Random effect model) employed in examine the value relevance of accounting information in public sector banks stock. Earnings per share reported to have positive relationship and statistically significant with share price. While book value per share, return on equity and assets turnover ratio found to have negative relationship and statistically insignificant with share price. On the other hand earnings per share, book value per share and return on equity found to have positive correlation with share but the positive correlation between return on equity and share price reported to be very low.

Keywords: Accounting information, Bombay stock exchange, Share price, Value relevance.

1.0.   Introduction

Research on the value relevance aim on explaining the association between accounting information and share price or stock returns by Mishari, A. (2011).The study on value relevance based on capital market- based accounting research as stated by Beisland (2009). Its originality is from the studies done by Beaver (1968) and Ball and Brown (1968). In India context, prior studies examine the association between accounting information and share price was done by Srivastava (1968), Zahir & Khanna (1982), Krishan (1984) and Chawla & Srinivasan (1987).The relevance is measured if there is statistical association between accounting information and stock price or stock returns by Franscie and Schipper (1999.).

Vishnani and Shah, (2008) pointed out most of the studies conducted on examine the relationship between accounting information and share price of listed company motivated by the fact that, accounting information used by existing shareholders and the listed companies in the stock market as the major means of communication among themselves.

Accounting information defined as the quantitative written information presented in complete or partial in the face of financial statements either quarterly or annually as stated by Oyerinde, (2009).While on other hand Vijitha P. and Nimalathasan B. (2014) considered accounting information and non accounting information as the two categories of financial information presented in as set of financial statements.

The primary objectives of financial statements are to provide information about the company's performance, financial position and to enable users to make better decisions particularly the investors by Germon and Meek, (2001).Therefore a study on the value relevance of accounting information is one of the most addressed issue and still on debating in financial accounting research. It is motivated by the need to provide empirical evidence to the users of accounting information especially investors whether accounting information reported to be more relevant for equity valuation.

The research on the value relevance has been done by different researcher in India including Charumathi and Suraj (July – September), Sharma, Kumar and Singh (2012), Khanna, M. (2014) and Sharma, M (2014).A

comparative study on the value relevance of accounting information of public and private banking sectors has been done by Charumathi and Suraj (July – September).They examined value relevance of earnings per share and book value per share on the share price of 14 banks listed in Bombay stock exchange (BSE Bankex) from 2001 to 2010.In their study a sample of 6 banks from private sector banks and 8 banks from public sector banks used. The study fill the gap in literature by examine value relevance of accounting earnings per share, book value per share and other accounting information including return on equity and assets turnover ratio on the share price of 20 public sector banks listed in Bombay stock exchange (BSE 500) from 2008 to 2012.

The remaining part of this paper structured as follows: Section 2 explain the review of literature on the value relevance of accounting information, section 3 discussed methodology used in the study, section 4 focuses on the data presentation and analysis, summary and conclusion and presented in section 5 while limitation of the this study presented in section 6.

1.1. Need for the study

Study on the value relevance of accounting information has been done by different research from different countries example in Sri-Lanka,it was done by Vijitha and Nilmalathan (2014) and Pathirawasam, C.(2010).In India context the previous study on the value relevance has been done by Sharma, Kumar and Singh (2012),Charumathi and Suraj (July – September) and Vishnani and Shah (2008) while in the recent years study done by Sharma,M.(2014) and Khanna,M. (2014).There is a need for study on the value relevance of accounting information of public sector banks listed in Bombay stock exchange because no study has been done on examine value relevance of earnings per share, book value per share, return on equity, and assets turnover ratio on the share price public sector banks listed in Bombay stock exchange (BSE 500) from 2008 to 2012 except one study done by Charumathi and Suraj (July – September) examine value relevance of earnings per share and book value per share on the share price of 14 listed private and public sector banks in Bombay stock exchange (BSE Bankex) from 2001 to 2010 by using Ohlson valuation model (1995).This study aimed to fill the gap in literature by examine value relevance of previous accounting information used in the study done by Charumathi and Suraj (July – September),Khan,M(2014) and Sharma,M.(2014) in India and other accounting information including return on equity and assets turnover ratio previously used in the study done by Malik and Ali (2013) in Pakistan, by using a sample of 20 public sector banks listed in Bombay stock exchange (BSE 500) for a period of 5 years from 2007-2008 to 2011-2012 by using Fixed Effect Model(FEM) and Random Effect Model (REM) previously used in the study done by Oyerinde,D.T.(2009).The FEM and REM chosen due to the fact that the study involve the uses of panel data which is the combination of time series data and cross sections data, and these two model preferred in as the mostly use technique in panel data. As stated by Mukherjee,White and Wuyts (1998) time series data usually considered as non-stationary, and accounting data has the characteristics of deviate from the assumption of method used and misuse of statistical indicators which may cause conflicting inference in the literature by Oyerinde,D .T (2009) and the uses of these two model help in avoiding the mention problem.

1.2. Objective of the research

The study aimed to examine value relevance of earnings per share, book value per share, return on equity and assets turnover ratio on the share price of public sector banks listed in Bombay stock exchange. To meet the above main objective, the following considered as the specific objective.

- Identify accounting information which is more relevant for equity valuation of public sector banks listed in Bombay stock exchange.
- Find out if there is relationship exist between accounting information and share price of listed public sector banks in Bombay stock exchange.

2.0.   Review of literature

This section discuss the way the term "value relevance" defined by the different researchers, discussion based on the previous studies related to the value relevance of accounting information in India context and meaning of accounting information used in the study and their empirical results from different studies.

2.1. Value relevance definition

Different researchers from different countries defined the word value relevance in their previous studies including Beisland (2009), Ohlson (1999), Barth et al (2000) and Amir et al (1993).Prior study in 1993 by Amir et al used the term "value relevance" and defined as the relationship between accounting figures and market

value of equity. The definition of value relevance given out by Amir et al (1993) closely related with definition given out by other researchers including Barth et al (2009) and Barth et al (1998).

According to Beisland (2009) value relevance used in measuring statistical and significant relationship between accounting information and stock returns or stock price and defined value relevance as the ability of accounting information in capturing and summarizing share price. The same definition given out by Oyerinde (2009) in Nigeria. Oyerinde (2009) define value relevance as the ability and influence of accounting of accounting numbers in capturing equity share price of listed companies at Nigeria stock exchange. Most of the commonly used accounting information in examines value relevance in the previous studies including earnings per share and book value per share commonly used in measuring its value relevant in equity valuation as stated by Oyerinde (2009).

Value relevance research aimed in finding out whether accounting information published in the financial statements provide useful and valuable information for the users of accounting information especial investors as stated by Negakis (2005) as cited from Mishary A.(2011).While Barth el (2001) argue that research on the value relevance very important to the users such as investors, accounting standard setters and other users because aimed in extending knowledge regarding value and useful of accounting information as reflecting equity value as cited from Mishary,A.(2011).From the review of literature related to the value relevance definition, this study defined the term value relevance the same way as it was stated by previous researcher including Beisland (2009) and Oyerinde (2006).

2.2. Previous study on value relevance of   accounting information in India.

Previous study on the value relevance of accounting information of book value, earnings and dividend on the share price of public and private sector listed in Indian stock market has been done by Sharma, M. (2014).Twenty companies each selected from public and private sector used as a sample in the study and results reported dividend and book value to be more relevant in private sector but in public sector only dividend found to be more relevant while book value and earnings reported to decline its value relevance. The results found to be inconsistent compared to another comparative study done in Nigeria by Oshodin and Chijoke (2014) used a sample of 10 companies each from petroleum and banking sector listed in Nigeria stock exchange. They reported earnings per share to be more relevant on share price of petroleum and banking sectors.

On the other hand Charumathi and Suraj (July – September) examine value relevance of earnings and book value on the share price of 14 banks (6 banks from private banks sector and 8 banks from public banks sector) listed in Bombay stock exchange from 2001 to 2010.They employed regression analysis with theoretical framework of Ohlson valuation model (1995) and reported accounting information of book value and earnings per share to have positive and significant relationship with share price of 14 banks stock. The result found to be consistent compared to the recent study done by Khanna, M (2014) in Bombay stock exchange. But book value per share found to be more relevant than earnings for equity valuation of banks stock by Charumathi and Suraj (July – September). On the other hand Sharma, Singh and Kumar (2012) used a sample of 71 non-financial companies listed in National stock exchange and reported accounting information of return on equity to be more relevant for equity valuation in Indian market. The results found to be not similar compared to the previous study done by Germon and Meek (2000).They reported return on equity to have low relationship with share price of 30 companies listed in Nigeria stock exchange.

2.3. Analysis of accounting information as independent variables and market share price as dependent variable.

Accounting information such as earnings per share, book value per share, return on equity and assets turnover ratio used as independent variables in explaining market share price of public banks sector listed in Bombay stock exchange (S&P BSE 500) and the variables taken on annual basis based on the period of the study from 2007-2008 to 2011-2012.

2.3.1. Dependent variable

- **Market share price**

Market share price defined as the price at which the market assigns to the company's stocks by Oyerinde, D.T. (2009). In the previous studies done by Modugu et al (2012) in Nigeria, Shobhana and Karpagavalli (2011), Sharma, S. (2011) and Karpagavalli and Nirmala (2014) in India, used market share price calculated by taking into account the average of the highest market price and the lowest market price of the shares during the

financial year while Anita and Yadav (2014) used closing price during the financial year end as proxy for the market share price. For the purpose of the study market share price calculated by using the same formula used by Shobhana and Karpagavalli (2011), Sharma, S. (2011) and Karpagavalli and Nirmala (2014) in India.

2.3.2. Independent variables

- **Earnings per share**

Earnings per share considered as the most frequently used accounting information in value relevance studies used in examine its significant relationship with share, price example in the study done by Bhatt and Sumangala (2012). By using the formula given by them earnings per share calculated by taking earnings after tax, interest and depreciation divided by the total number of outstanding shares. Most of the studies done on examine value relevance of earnings per share on share price, results reported to be significant and positive related with share price, this supported by the results found by Pathirawasam,C. (2010) in Sri-Lanka observed earnings per share to have positive value relevance on the market share price of 129 companies selected from 6 major sectors listed at Colombo stock exchange and other study done by different researchers including Tharmila, K. (2013) and Vijitha, and Namalathan (2014) in Sri-Lanka, by Ragab,A.A.(2006) in Egyptian market, Miah,M.S.(2012) in Bangladesh, Thompson, S. and Adah, A. (2012) and Olugbenga and Oyerinde (2014) in Nigeria and Shamki and Rahman (2012) in Jordan reported the same results.

- **Book value per share**

Value relevance of accounting information before and after the reforms of International reporting standard (IFRS) examine by Karğın, S (2013) and reported improvement in the value relevance of book value during the post-IFRS period (2005-2011).The results found to be consistent compared to the study done by Bilgic and Ibis (2013). Bilgic and Ibis used a sample of 113 companies listed in Istanbul stock exchange reported value relevance of book value increase after the adoption of new accounting standards. But Khanaga, J. B. (2011) reported value relevance of book value per share declined by using portfolio and regression approach after the reforms in accounting standards in Bahrain and United Arab of Emirates.

On the other hand value relevance of accounting information reported to be weak during the period of global economic crisis (2005-2009) and during political crisis caused by military dictatorship (1992-1998) in Nigeria by Olugbenga and Oyerinde (2014).But during stock market crisis in Nigeria Thompson, S and Adah, S. (2012) reported book value per share to have positive and significant relation with share price of cement manufacturing companies listed at Nigeria stock exchange. On the other hand during post recession period book value per share reported to have positive relationship and insignificant impact on the stock prices of BSE 200 companies by Sukhija, S. (2014).

- **Return on equity**

Return on equity defined as the profitability ratio which measure amount of profit earned by the company from the amount of money invested by the shareholders in the company, The same definition given by Malik and Ali (2013).Mathematically the ratio calculated by taking net income divided by shareholder's equity as stated by Malik and Ali (2013),but by using the formula given by Wang,Fu and Luo (2013) return on equity calculated by taking net profit divided by average net assets .The ratio reported to have positive and significant relationship with share price of commercial banks listed in Colombo stock exchange (CSE) in Sri-Lanka from 2006 to 2009 in the study done by Perera and Thrikawala (2010) on the share price commercial banks listed in CSE from 2006 to 2009.In examine value relevance of accounting information they used other accounting information such as earnings per share and earning yield and reported to have positive and significant relationship with share price of commercial banks listed in CSE.On the other hand Vijitha and Nimalathasan (2014) examine value relevance of return on equity, book value per share, earnings per share and price earnings ratio on the share price of 20 manufacturing companies listed in CSE from 2008 to 2012.They reported accounting information of return on equity to have positive and strong significant relationship with share price of 20 manufacturing companies listed in CSE but does not have significant impact on the share price. Other accounting information such as earnings per share and book value per share reported the same results, except price earnings ratio reported to have weak and negative relationship with share price.

A sample of 129 companies selected from 6 major sectors listed in CSE used by Pathirawasam, C. (2010) as a sample and examine value relevance of return on equity, earnings per share and book value per share. All three accounting information reported to have positive and significant relationship with share price of selected companies as a sample in the study. Also in Pakistan Malik and Ali (2013) reported return on equity to have

positive and significant relationship with share price of public companies from fuel and energy sector listed in Karachi stock exchange.

- **Asset turnover ratio**

Assets turnover defined as the efficiency ratio which demonstrates the efficiency utilization of company's assets in generating company's sales. By using formula given by Malik and Ali (2013) assets turnover ratio calculated by taking sales divided by total assets. As explained by Malik and Ali (2013) firms found to be more efficient in utilizing its assets and generate sales when its assets turnover ratio reported to be high. They also said when the company reported high ratio of asset turnover lead to an increase in company's profit and make the ratio to have positive and significant relationship with share price and this is witnessed in their own study by using a sample of 21 public companies from fuel and energy sector listed in Karachi stock exchange (KSE). In the analysis of accounting information and share price they employed two statistical models and reported accounting information of assets turnover ratio to be more relevant in determine share price of fuel and energy public sector listed in KSE from 2001 to 2009.While in the previous study conducted by Gallizo and Salvador (2006) used a sample of 2164 firms listed in New York stock exchange from 1992 to 2000 and reported high ratio of assets turnover to be more relevant in determine share price of young firms than old firms. While in the recent study done by Ozlen, S. (2014) reported total assets turnover ratio to have negative and significant relationship with share price of metal-product and stone sectors listed in Istanbul stock exchange but positive and significant relationship exist with share price of stone sector, metal products sector, transportation sector and commerce sector.

2.4. Research hypotheses

The following two hypotheses formulated based on the research problem for the purpose of achieving the research objective.

- Value relevance of accounting information has the significant influence on the share price of public banks sector listed in Bombay stock exchange.
- Value relevance of accounting information significantly correlated with share price of public banks sector listed in Bombay stock exchange.

3.0. Methodology

3.1. Data and methodology

The study cover a period of 5 years from 2007-2008 to 2011-2012 and secondary data used for the purpose of the study including accounting information sourced from the annual reports of companies listed in Bombay stock exchange and data related to market share price sourced from the official website of the BSE. For the purpose of examine value relevance of accounting information on the share price of public sector banks two panel data techniques (i.e. FEM and REM model used and correlation analysis used.

3.2. Sample

The sample of the study drawn from the public sector banks listed in Bombay stock exchange (S & P BSE 500).Among them, only 20 banks were randomly selected by using the following criteria.

- Availability of basic accounting information needed for the study including earnings per share, book value per share, return on equity and assets turnover ratio for the period of 5 years from 2007-2008 to 2011-2012.
- Availability of market share price from 2007-2008 to 2011-2012
- The banks with negative earnings from 2007-2008 to 2011-2012 excluded from the sample.

The sample period of 5 years used in the study cover a shorter period compared to the previous study done by Charumathi and Suraj (July-September); 10 years but according to the sample used in the study regarded to be satisfactory for the analysis. Table 1 show the list of public sector banks included in the sample.

Table 1.List of public sector banks taken as sample from (S & P BSE 500)

1.	ALLAHA BANK	11.	INDIAN OVERSEAS BANK
2.	ANDHRA BANK	12.	ORIENTAL BANK OF COMMERCE
3.	BANK OF BARODA	13.	PUNJAB NATIONAL BANK
4.	BANK OF INDIA	14.	STATE BANK OF INDIA
5.	BANK OF MAHARASHTRA	15.	STATE BANK OF MYSORE
6.	CANARA BANK	16.	SYNDICATE BANK
7.	CORPORATION BANK	17.	STATE BANK OF BIKANER
8.	CENTRAL BANK OF INDIA	18.	UNION BANK OF INDIA
9.	DENA BANK	19.	UCO BANK
10.	IDBI BANK	20.	VIJAYA BANK

Source: Bombay stock exchange official website (www.bseindia.com)

3.3. Model specification

3.3.1. Fixed Effect Model

Fixed effect model is the most commonly use regression model in panel data previously used in the study done Oyerinde, D.T. (2009) in Nigeria and Malik and Ali,B(2013) in Pakistan .As stated by Telmoudi and Noubbigh (2010) the model used to take into consideration the heterogeneity of the companies used in the study as a sample. The study used a sample of 20 public sector banks listed in Bombay stock exchange, by employing the model the heterogeneity of the 20 public sector banks has been taken into account.

3.3.2. Random Effect Model

Random effect model also is a regression model used in panel data and take into account the influence of the heterogeneity in the behavior of breaking down the error term into two components by Telmoudi and Noubbigh (2010).

3.3.3. Hausman Test

The test mostly used when FEM and REM employed as the panel data technique for the purpose of determine the model that is more efficient and also used to evaluate the significance of FEM versus REM model by Oyerinde,D.T.(2009).This can be done by running FEM ,REM and Hausman test. As explained by Hausman (1978) random effect model considered to be more efficient over fixed effect model if the assumption underlying found to satisfy. If the value of probability from the test found to be significant FEM considered being useful otherwise REM

The following regression model developed for the purpose of examine the relationship between earnings per share, book value per share, return on equity, assets turnover ratio and share price The statistical model is as specified below:

MSPit = β0 + β1EPSit + β2BVPSit + β3ROEit + β3ATRit + µ.

Where:β0, β1, β2, and β3 are regression coefficient of accounting variables; MSP,EPS, BVPS, ROE and ATR are named as market share price, earnings per share, book value per share, return on equity and assets turnover ratio respectively and µ is the stochastic error correctional term and i and t represents firm and time (year)

IISTE

3.0.   Data presentation and analysis

Table 2: Descriptive statistics of accounting information and share price

Variables	Mean	Maximum	Minimum	Std.deviation
Msp	531.853	9929.975	36.025	1227.460
Eps	60.652	885.710	3.070	110.062
Bvps	337.167	3827.260	31.080	534.913
Roe	17.788	28.020	4.520	4.499
Atr	0.3926	7.140	0.070	1.229

Msp=Market share price; Eps=Earnings per share; Bvps=Book value per share; Roe=Return on Equity; and Atr=Asset turnover ratio

Source: All the numerical figures in the table calculated from Eviews8 version.

Descriptive statistics of earnings per share, book value per share, return on equity and assets turnover and share price of 20 public sector banks stocks included in BSE 500 presented in table 2.The highest value of standard deviation perceived in MSP is 122.46 and the lowest recorded in ATR which is 1.229.ATR and ROE indicated the minimum value of 0.070 and 4.520 respectively. The highest mean value of 531.853 indicated by SP and 337.167 followed by BVPS.

Table 3: Correlation analysis result between variables

Variables	Msp	Eps	Bvps	Roe	Atr
Msp	1	0.890**	0.871**	0.081*	-0.047
Eps	0.891**	1	0.981	0.151*	-0.026
Bvps	0.871**	0.981**	1	0.048*	-0.040
Roe	0.081*	0.151	0.048	1	0.081
Atr	-0.047*	-0.026*	-0.040*	0.081*	1

**Correlation is significant at the 0.01 level.

*Correlation is significant at the 0.05 level.

Source: All the numerical figures in the table calculated from Eviews8 version.

   The description about the relationships between accounting information and share price is presented in Table 3.From the results presented the correlation coefficient between EPS and share price found to be 0.891 at 1% level of significance. Based on that conclusion can be made that there is a strong positive correlation between EPS and share price at 1%significance level. The correlation coefficient between BVPS and share price is 0.871 which is significance at 1% level. It indicated a strong positive correlation between BVPS and share price at 1% significance level. On the other hand the correlation coefficient between ROE and share price is 0.081 which is significance at 5% level. It can be concluded that there is a low positive correlation between ROE and share price at 5% level. But the correlation coefficient between ATR and share price found to be -0.047 which is significance at 5% level. There is a weak negative relationship between ATR and share price at 5% level of significance.

Research Journal of Finance and Accounting
www.iiste.org
ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online)
Vol.6, No.8, 2015

Table 4.Panel data regression analysis results by using Fixed Effect Model and Random Effect Model**.**

Dependent variable: Market price per share				
Estimator	Fixed Effect Model		Random Effect Model	
Variables	Coefficient	t-value	Coefficient	t-value
Constant	545.5354	1.6867	380.3235	1.3386
Eps	20.2637	5.4315	15.2222	4.9300
Bvps	-2.4584	-3.0457	-1.2017	-1.8592
Roe	-22.2983	-1.3473	-20.022	-1.3807
Atr	-43.7764	-1.0122	-26.4575	-0.6408
R-squared	0.8839		0.7854	
F-statistic	25.1496		86.89	
P-value (F-statistic)	0.0000		0.0000	
Hausman test	Chi-square statistic = 11.427 Probability = 0.0222			
No. of observation	100		100	

Source: All the numerical figures in the table calculated from Eviews8 version.

Table 4 show the result of panel data regression by using FEM and REM,the output of FEM indicate that EPS has a large beta coefficient of 20.2637 which is large than beta coefficient in BVPS which is -2.4584.The results reveal that EPS has a positive and significant relationship with share price at 5% level of significance. While BVPS reported to have negative and insignificant impact on the share price and the cause for the insignificant of book value per share could be stock investors still rely on the earnings performance rather than the book value or on the other side the share price does not be a sign of the real situation for the firm. The coefficients of ROE and ATR are -22.2983 and -43.7764 respectively, and the results reveal that both have negative and insignificant impact on the share price at 1% level of significance. On the other hand the output result of REM also found EPS has a large beta coefficient of 15.2222 which is large than beta coefficient in BVPS which is -1.2017. The results reveal that EPS has a positive and significant impact on the share price at 5% level of significance. While BVPS reported to have negative and significant impact on the share price at 1% level of significance. The coefficients of ROE and ATR are -20.022 and -26.4575 respectively, and the results reveal that both have negative and insignificant impact on the share price at 1% level of significance.

The R-squared results of FEM and REM are 0.88 and 0.785 respectively which show the explanatory variables EPS, BVPS, ROE and ATR are significant. It means that 88.39% of the variation of market share price has been explained by accounting information in FEM, remaining 12% has been explained by other factors other than accounting information. While in REM only 78.5% of the variation of market share price has been explained by accounting information, remaining 21.5% has been explained by other factors other than accounting information. The results of Hausman test have the Chi-squared value of 11.427 and probability value of 0.0222. This implies that Fixed Effect Model (FEM) is more efficient than Random Effect Model (REM).

5.0. Summary and conclusion.

The study examine value relevance of earnings per share, book value per share, return on equity and asset turnover ratio on the share price of 20 public sector banks listed in Bombay stock exchange (BSE

500).Particularly the study attempt to determine the most value relevant accounting information used for equity valuation in public sector banks in BSE and finding out if there is significant relationship exist between accounting information used in the study and share price.

Fixed effect model, random effect model and correlation analysis used in examine value relevance of accounting information and finding out if there is significant relationship exist between share price and accounting information. The study provides empirical evidence that an earnings per share is the most relevant accounting information for equity valuation in public sector banks. The results match with the findings from the study done by Ragab, A (2006) in Egypt, Vijitha P. and Nimalathasan B, (2014) and Pathirawasam, C. (2010) in Sri-Lanka and Olugbenga and Oyerinde (2014) in Nigeria but inconsistent with the study done by Khanna,M.(2014) while book value per share found to have negative and insignificant impact on the share price, the result found to be inconsistent with the study done by Charumathi and Suraj (July-September), Sukhija, S. (2014), Tharmila. K and Nimalathasan.B (2013), Thompson,S and Adah,S.(2012)and Mishary,A(2011)and other accounting information like return on equity and asset turnover ratio found to have negative and insignificant impact on the share price, also the result differ compared to the study done by Malik, M.F and Ali, B. (2013) and Sharma, Kumar and Singh (20120.On the other hand accounting information such as earnings per share, book value per share reported to have positive correlation with share price at 5% level of significance, the same results provided by Charumathi and Suraj (July-September),also return on equity reported to have positive correlation with share price at 1% level of significance but the positive correlation that exist between return on equity and share price found to be very low. Only asset turnover ratio reported to have weak negative correlation with market share price at 5% level of significance.

6.0. Limitation

The study has the following limitations. The conclusions of this study based on the analysis of five years from 2007-2008 to 2011-2012,for better generalization a sample of 10 years to 15 years or 20 years to 25 years should be considered for the generalization. The study used accounting information such as earnings per share, book value per share, and return on equity and asset turnover other accounting information were not included in the study, there are other accounting information should be considered for the future research to improve the results.

References

Ball, R. and P. Brown (1968), "An Empirical Evaluation of Accounting Income Numbers", *Journal of Accounting Research, 6(2), 159-178.*

Beisland, L. A. (2009), "A Review of the Value Relevance Literature", *The Open Business Journal,* 2, 7-27.

Beaver, W. (1968), "The Information Content of Annual Earnings Announcements", *Journal of Accounting Research,* 6, 67-92.

Hausman, J.A. (1978), "Specification Tests in Econometrics, *Econometrica*, 46(6), 1251-1271.

Karpagavalli and Nirmala (2013), "Determination of Market Price of Select Banking Companies by Using Year Wise Y-X Correlation Analysis*",Gra - Global Research Analysis, 3.*

Khanna, M. (2014), "Value Relevance of accounting information: An empirical study of selected Indian firms", *International Journal of Scientific and Research Publications, 4(10).*

Mishari, A. (2011), "Usefulness of earnings and book value for equity valuation to Kuwait stock exchange participants", *International Business and Economic Research Journal, 10(1).*

Mukherjee, C., H. White, and M. Wuyts, (1998),"*Econometrics and Data Analysis for Developing Countries,* ed.P. Mosley, Priorities for Development Economics, Routledge, New York.

Olugbenga, A and Oyerinde, A. (2014), "The Relationship between Financial Accounting Information and Market Values of Quoted Firms in Nigeria", *Global Journal of Contemporary Research in Accounting, Auditing and Business Ethics (GJCRA), 1.*

Olugbenga, A & Oyerinde, A. (2014), "Value Relevance of Financial Accounting Information of Quoted Companies in Nigeria: A Trend Analysis", *Research Journal of Finance and Accounting, 5(8).*

Oshodin and Chijoke (2014), "The comparative study of value relevance of financial information in the Nigeria banking and petroleum sectors", *Journal of Business Studies Quarterly, 6(1).*

Ohlson, J.A (1995), "Earnings, book values and dividends in security valuation", *Contemporary Accounting Research, 11(1), 661- 688.*

Oyerinde (2009), "Value- relevance of accounting information in the Nigerian stock market", PhD Thesis, Covenant University, Ota, Nigeria.

Ozlen, S. (2014), "The effect of company fundamentals on stock values", *European Researcher, (71), 3-2.*

Pathirawasam, C. (2010), "Value relevance of accounting information: EvidencefromSriLanka",*International Journal of research in commerce & management.*

Papadaki and Georgia Siougle. (2007), "Value relevance of price, earnings and book values in the Athens Stock Exchange", *Managerial Finance, 33(5), 309-320.*

Perera, A.A. & Thrikawala, S. S. (2010), "An empirical study of the relevance of accounting information on investor's decisions, Proceedings of international research conference on business & information".

Sharma, M. (2014), "Value relevance of accounting information: A comparative study of public and private sector companies in India", *Asia Pacific Journal of Research, I I (XII),*

Sharma, A, Kumar, S, & Singh, R (2012), "Value Relevance of Financial Reporting and Its Impact on Stock Prices: Evidence from India", *South Asian Journal of Management, 19(2), 60- 77.*

Shobhana and Karpagavalli (2011), "Determinants of market price of shares of the select banking companies listed at Bombay stock exchange", *An International Multidisciplinary Research Journal, 1(3).*

Vijitha P. and Nimalathasan B, (2014), "Value relevance of accounting information and share price: A study of listed manufacturing companies in Sri Lanka",*Merit Research Journal of Business and Management,* 2(1), 001-006.

Wang, Fu & Lou (2013), "Accounting Information and Stock Price Reaction of Listed Companies: Empirical Evidence from 60 Listed Companies in Shanghai Stock Exchange", *Journal of Business & Management, 2(2), 11-21.*

The IISTE is a pioneer in the Open-Access hosting service and academic event management. The aim of the firm is Accelerating Global Knowledge Sharing.

More information about the firm can be found on the homepage:
http://www.iiste.org

CALL FOR JOURNAL PAPERS

There are more than 30 peer-reviewed academic journals hosted under the hosting platform.

Prospective authors of journals can find the submission instruction on the following page: http://www.iiste.org/journals/   All the journals articles are available online to the readers all over the world without financial, legal, or technical barriers other than those inseparable from gaining access to the internet itself. Paper version of the journals is also available upon request of readers and authors.

MORE RESOURCES

Book publication information: http://www.iiste.org/book/

Academic conference: http://www.iiste.org/conference/upcoming-conferences-call-for-paper/

IISTE Knowledge Sharing Partners

EBSCO, Index Copernicus, Ulrich's Periodicals Directory, JournalTOCS, PKP Open Archives Harvester, Bielefeld Academic Search Engine, Elektronische Zeitschriftenbibliothek EZB, Open J-Gate, OCLC WorldCat, Universe Digtial Library , NewJour, Google Scholar