

21. Capital Infusion (CI) - A Non-Conventional Parameter to Identify Growth and Value Companies

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Abstract

The present study examines the impact of Capital Infusion (CI) as a parameter to identify and distinguish between growth and value companies.

Identification of growth and value companies is crucial as the appropriate selection of these companies affects the portfolio returns substantially. (Basu, 2010). There are several Conventional and Non-conventional measures to identify growth and value companies. The objective of the study is to understand how effectively CI, a non-conventional parameter help in such identification. The study focuses on the CAGR of Capital Infusion (CI), to understand the impact. The data is collected from secondary sources. For analysing the data, CAGR of CI is calculated from the year 2003 to 2014. The findings are depicted in the form of tables. The study concludes that CI can be relied upon as an effective parameter to identify whether the company is Growth or Value.

Key words: Capital Infusion (CI), Growth, Value

1. Introduction

There are two investment strategies prevailing in the financial market viz. Growth and value. These two strategies are seen to have been seesawing in and out of favour during different economic scenarios and market phases. Growth and value companies have distinctly different qualities due to which the investors can make the appropriate selection of either or both, depending on their goals.

During the upswing of the market almost all companies perform sound so selecting companies under investment portfolio becomes relatively easy. However, such selection becomes crucial during the down swing of the market as they may turn to be devastating in terms