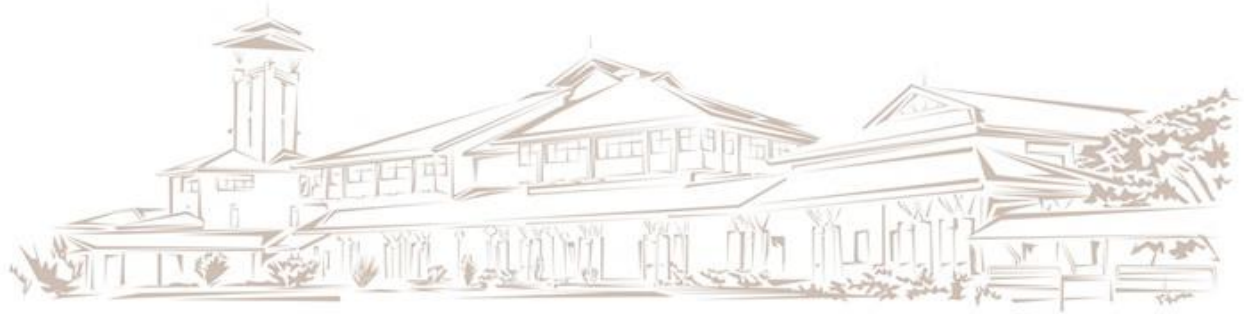


"A man is  
great by  
deeds, not by  
birth"  
-Chanakya

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INDIAN INSTITUTE OF MANAGEMENT KOZHIKODE



Case Study

**IIMK/CS/93/FIN/2018/08**

May 2018

**Mr. Market, We are Happy when You are Wrong**

**Sony Thomas <sup>1</sup>**

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Please contact the corresponding authors if you would like to access the full case

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## **Abstract**

The case focus on the market based approach for understanding the stock valuation using dividend discount model. The case looks at the valuation given by the market for stocks and whether that valuation is justified by returns given by the stock in the form of dividends and capital gains. The case presents two scenarios of market perceived value of growth based on Net Present Value of Growth Opportunity (NPVGO) which is a market based valuation approach rather than theoretical approach. The study throws very useful insights into the actual usefulness of dividend discount model by taking the example of CRISIL and Wipro stocks. The case also shows that money making opportunity is there when the model is wrong.

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