A STUDY ON THE IMPACT OF COMPANY – EVENTS IN STOCK PRICES (SENSEX STOCKS)

DR.R.JAYASRI,DR.R.SANTHI, A.AARRTHI IMMCULATE,DR.D.NARMATHA
Assistant Professors in PG & Research Department of Commerce,
Dhanalakshmi Srinivasan College of Arts & Science for Women,(Autonomous)
Perambalur

ABSTRACT

The stock market fluctuated by many factors. The main factors are the events like bonus, dividend, stock split, repurchase of shares, dividend announcement etc. This study conducted the event like bonus, stock split and dividend. Depending upon the events the share will moved. This research highlights the impact of events on the behaviour of stock prices and their abnormal returns. The researchers have used popular event window study and abnormal returns.

Keywords:
Abnormal returns, Announcement date, corporate actions, Economic Activities, Event window, Stock price behavior.

INTRODUCTION

As the event methodology can be used to elicit the effect of any type of event on the direction and magnitude of stock price changes, it is very versatile. Event studies are thus common to various research areas, such as accounting and finance, management, economics, marketing, information technology, law and political science.

An event study is a statistical method to access the impact of an event on the value of a firm. For example, the announcement of dividend or bonus or any events related to stocks, to analyse the return between the before and after the announcement. The basic idea is to find the abnormal return attributable to the event being studied by adjusting for the returns that stem from the price fluctuation of the market as a whole.

STATEMENT OF THE PROBLEM

Capital market, being a vital institution, facilitates economic development of the country. The investors can be advised to be wise in investing in the in the capital market only when there are educated on the impact of events on the prices of stocks in the market and hence this study **"A STUDY ON THE IMPACT OF COMPANY - EVENTS IN STOCK PRICES (SENSEX STOCKS)"** has been undertaken.

OBJECTIVES OF THE STUDY

The present study is carried out with the following objective,

i. To find whether the company events like dividend, bonus and split have impact on the stock prices in India.
ii. To find out the impact on volatility of stock returns around the event announcement day.
iii. To find out the relationship between SENSEX movements and share price movements so as to understand the real effect of event announcement on share prices.
iv. To make suggestions based on the findings of the study.

HYPOTHESES OF THE STUDY

The purpose of the study is to determine whether any abnormal return around the event dates is and how fast the new information absorbed in the security prices. For the purpose of the study, we constructed a null hypothesis (H_0) and Alternative hypothesis (H_1) as follows:

I Null Hypothesis (H_0):

1. There is no significant difference between the mean of stock price returns of pre and post announcement period because of announcement of dividend.
2. There is no significant difference between the mean of stock price returns of pre and post announcement period because of announcement of bonus.
3. There is no significant difference between the mean of stock price returns of pre and post announcement period because of announcement of stock split.

II **Alternative Hypothesis (H_1):**

1. There is significant difference between the mean of stock price returns of pre and post announcement period because of announcement of dividend.
2. There is significant difference between the mean of stock price returns of pre and post announcement period because of announcement of bonus.
3. There is significant difference between the mean of stock price returns of pre and post announcement period because of announcement of stock split.

NEED FOR THE STUDY

This study investigated the company events like bonus issue, dividend and stock split announcements yields may positive or negative. The empirical research has shown that the market generally reacts positively to the announcement of events. Standard event study methodology has been used for the purpose of studying the event announcement reaction.

SCOPE OF THE STUDY

The present study tests the informational efficiency of the Indian Stock Market in the Semi- Strong Form of EMH. The study covers five calendar years ranging from January 2014 to December 2018. The study is restricted to dividend, bonus and split announcement made by 30 companies from BSE SENSEX. One major source of information that the investors can make use for valuation securities is corporate event announcement.

The corporate event announcement information and stock market efficiency are educated to the investors, fund managers, analysts, planners, policy makers, and market regulators, accounting standard setters, researchers, the government, and the public in general. The present study is an attempt to check the effect of dividend, bonus and split announcement in Indian Stock Market.

LIMITATIONS OF THE STUDY

The study is limited only to the S&P BSE SENSEX index in Bombay Stock Exchange (BSE). The study has been confined to secondary data. All the limitations of statistical tools are applicable to the study. The result of the study may not be applicable for any other index taken for any other period other than the period of study.

METHODOLOGY OF THE STUDY

The study has been conducted using the research design following

1. Universe
2. Selection of sampling method
3. Data
4. Statistical tools used

Universe

All the companies are listed under Bombay Stock exchange from January 2014 to December 2018, are considered to be the universe of the study.

Samples

The companies under SENSEX index in Bombay Stock exchange(BSE) for the FIVE years from 2014 to 2018 have been taken as the sample of the study through Justified Sampling techniques.

The daily stock price data from the company over the period from 20 days before to 20 days after the announcement dates from January 2014 to December 2018 have been used for the purpose of this study.

Data

The present study is purely based on secondary data. It is taken from the Bombay stock exchange through net and the data were collected. Other sources were collected from text books, journals and world wide websites.

Statistical tools used

T- Test

Paired Two Sample for Means: This analysis tool helps to understand the significant mean differences before and after the announcement of dividends.

a) Following formula was used to calculated t-values:

$$t = \overline{CAR}\left(\frac{\sigma\,\overline{CAR}}{\sqrt{N}}\right)$$

b) The significance of the AARt is calculated using following formula and tested,

$$t\ stat = \frac{CARt}{\sigma t \times \sqrt{T}} \quad \text{Or} \quad t\ stat = \sqrt{\sum_{t=1}^{T}\left(ARi - \frac{CAR}{T}\right)^2}/T$$

REVIEW OF LITERATURE

DEFINITION OF FINANCIAL MARKET

Marketsfor sale and purchase of stocks (shares), bonds, bills of exchange, commodities, futures and options, foreign currency, etc., which work as exchanges for capital and credit. See also capital market and money market.[2]

A financial market is a place in which financial assets are created or transferred. Financial assets represent a claim to the payment of a sum of money sometime in the future.[3]

MEANING OF FINANCIAL MARKET

Financial markets can be found in nearly every nation in the world. Some are very small, with only a few participants, while others – like the New York Stock Exchange (NYSE) and the FOREX markets – trade trillions of dollars daily. Most financial markets have periods of heavy trading and demand for securities; in these periods, prices may rise above historical norms. The converse is also true – downturns may cause prices to fall past levels of intrinsic value, based on low levels of demand or other macroeconomic forces like tax rates, national production or employment levels. Information transparency is important to increase the confidence of participants and therefore foster an efficient financial marketplace.

ANNOUNCEMENT

The date at which a corporate actions event is officially announced. The announcement can either be made by the issuer or by the lead agent in the market.

LIST OF CORPORATE ACTIONS EVENTS

Mandatory Events

Assimilation

Absorption of a new issue of stock into the parent security where the original shares did not fully rank paripassu with the parent shares. After the event, the assimilated shares rank paripassu with the parent. Also referred to as funging of shares.

Acquisition

A company adopting a growth strategy can use several means in order to seize control of other companies.

Bankruptcy

The company announces bankruptcy protection and the legal proceedings start in which it will be decided what pay-outs will be paid to stakeholders.

Bonus Issue

Shareholders are awarded additional securities (shares, rights or warrants) free of payment. The nominal value of shares does not change.

Bonus Rights

Distribution of rights which provide existing shareholders the privilege to subscribe to additional shares at a discounted rate. This corporate action has similar features to a bonus and rights issue.

Cash Dividend

The company pays out a cash amount to distribute its profits to shareholders.

Class Action

A lawsuit is being made against the company (usually by a large group of shareholders or by a representative person or organisation) that may result in a payment to the shareholders.

Delisting

The company announces that it securities will no longer be listed on a stock exchange and that they will be booked out.

De-merger

One company de-merges itself into 2 or more companies. The shares of the old company are booked out and the shares of the new companies will be booked in according to a set ratio **General Announcement**

An event used by the company to notify its shareholders of any events that take place. This event type is used to communicate several types of information to the shareholders.

Initial Public Offering (IPO)

This is the first corporate actions event in the history of any company. The first time that a company gets listed on a stock exchange is regarded as an event in itself. Underwriters will try to get as many buyers for the newly listed shares for a price as high as possible. Any shares they cannot sell will be bought by the underwriters.

Liquidation

Liquidation proceedings consist of a distribution of cash and/or assets. Debt may be paid in order of priority based on preferred claims to assets specified by the security e.g. ordinary shares versus preferred shares

Mandatory Exchange / Mandatory Conversion

Conversion of securities (generally convertible bonds or preferred shares) into a set number of other forms of securities (usually common shares).

Merger

Merger of 2 or more companies into one new company. The shares of the old companies are consequently exchanged into shares in the new company according to a set ratios.

Name Change

Name changes are normally proposed and approved at the Company's General meeting. This has no effect on the capital and shareholder's of the company.

Par Value Change

Similar to stock splits where the share nominal value is changed which normally results in a change in the number of shares held.

Scheme of Arrangement

Occurs when a parent company takes over its subsidiaries and distributes proceeds To its shareholders.

Scrip Dividend

The UK version of an optional dividend. No stock dividends / coupons are issued but the shareholder can elect to receive either cash or new shares based on the ratio or by the net dividend divided by the re-investment price. The default is always cash.

Scrip Issue

Shareholders are awarded additional securities (shares, rights or warrants) free of payment. The nominal value of shares does not change.

Spin-off

A distribution of subsidiary stock to the shareholders of the parent corporation without having cost to the shareholder of the parent issue.

Stock Dividend

Almost identical to bonus issues where additional shares in either the same or different stock is issued to shareholders of the underlying stock.

Stock Split

A stock split is a division of the company shares into 'X' number of new shares with a nominal value of '1/X' of the original share. For example a 'BMW' 2 for 1 stock split, where a BMW share par value decreases to EUR 0.50 from EUR 1.00, whilst the number of share doubles. The total value of the outstanding shares remains the same.

ANNOUNCEMENT EFFECTS

The study used the event study methodology to examine the market reaction to dividend, bonus issue and stock splits on share prices. For the purpose, the study used daily adjusted prices for sample stocks for 20 days before and 20 days after the event date. In order to carry out an event study, we determine the event window as t=-20 to t=+20 relative to the event day t=0 (date of announcement of dividend, bonus and stock split). The return on the market portfolio is proxies by the BSE SENSEX. The event window is taken as t=-20 to t=+20 relative to the event day t=0. Our aim is to find whether the events have any signalling impact on the share prices.

This study taken by three events. They are as follows,

1. Dividend
2. Stock split
3. Bonus

DIVIDEND

A distribution of a portion of a company's earnings, decided by the board of directors, to a class of its shareholders. The dividend is most often quoted in terms of the dollar amount each share receives (dividends per share). It can also be quoted in terms of a percent of the current market price, referred to as dividend yield.[32]

Meaning of Stock split

A corporate action in which a company divides its existing shares into multiple shares. Although the number of shares outstanding increases by a specific multiple, the total dollar value of the shares remains the same compared to pre-split amounts, because the split did not add any real value. The most common split ratios are 2-for-1 or 3-for-1, which means that the stockholder will have two or three shares for every share held earlier. Also known as a "forward stock split." In the U.K., a stock split is referred to as a "scrip issue," "bonus issue," "capitalization issue" or "free issue."[34]

BONUS SHARE

Bonus shares are those allotted by the company to existing shareholders, free of cost. The company does this by capitalizing its free reserves. Assume a company with an equity capital of Rs 500 crore and free reserves of Rs 1,000 Crore. If this company issues a 1:1 bonus (one free share for every held), its equity capital will double to Rs 1,000 Crore. The extra Rs 500 Crore is shifted from the free reserves to the equity capital, and the shareholders given the bonus shares. The company's equity capital is now Rs 1,000 Crore and its free reserves Rs 500 Crore (Rs 1,000 Core minus Rs 500 Crore).

REVIEW OF PREVIOUS STUDIES

Miller and Modiglani (1961), in this paper entitled **"Dividend Policy, Growth and Valuation of shares"** analysed the bonus issues, along with other types of dividend, do not alter the shareholder wealth. The total market value of the shares or the value of the shares that are held by each investor should remain unchanged.[40]

J.Ramachandran (1985), in this paper entitled, **"Behaviour of Stock Market Prices, Trading Rules, Information & Market Efficiency"** examined the impact of announcement of bonus issues in equity stock prices and found mixed evidence for semi- strong form efficiency of Indian stock market. He says that, the bonus announcement gets impounded into stocks by the time of announcement.[41]

The Paper entitled on **"The information content of Stock dividend announcement"** presented by **T.W.Foster, D.Vickrey (1978)** examined the signalling hypothesis using daily returns data and in their examination of the information content of 82 stock dividend announcements, they found significant positive abnormal returns around announcement dates.[42]

Malhotra, Madhuri and Thenmozhi, M. and ArunKumar, G., (2007) in this paper entitled **"Stock Market Reaction and Liquidity Changes around Bonus Issue Announcement: Evidence from India"** examined the share reaction to the announcement of bonus issue for a sample of Indian Companies. The study explains, the size of the firm issuing bonus shares does not affect the abnormal returns of the company.[43]

Dhar, Satyajit and Chhaochharia, Sweta (2008), the paper entitled, **"Market Reaction around the Stock Splits and Bonus Issues"** explainedstock splits and bonus issues are purely cosmetic events. This paper examines the effects of these two types of events for the Indian stock market. The abnormal returns are calculated using the Capital Asset Pricing Model and then t-tests are conducted to test the significance. The two events are associated with significantly positive announcement effect. For bonus issues, the abnormal returns were about 1.8% and for stock splits, it was about 0.8%. On a whole, the paper finds evidence of semi-strong form efficiency in the Indian stock market.[44]

T – Test: significance of variations in prices of stocks before and after the declaration of dividend

S.no	Company Name	2014	S/NS	2015	S/NS	2016	S/NS	2017	S/NS	2018	N/NS
1	Axis Bank	0.000	S	0.000	S	0.000	S	0.000	S	0.443	NS
2	Bajaj	0.000	S	0.000	S	0.000	S	0.000	S	0.000	S
3	BhartiAirtel	0.000	S	0.000	S	0.000	S	0.000	S	0.000	S
4	BHEL	0.000	S	0.000	S	0.049	S	0.203	NS	0.846	NS
5	Cipla	0.000	S	0.000	S	0.000	S	0.000	S	0.000	S
6	Coal India	-	-	-	-	0.000	S	0.000	S	0.000	S
7	Dr.Reddy	0.000	S	0.000	S	0.000	S	0.443	NS	0.000	S
8	Gail	0.000	S	0.304	NS	0.000	S	0.000	S	0.000	S
9	HDFC Bank	0.000	S	0.000	S	0.000	S	0.000	S	0.000	S

10	Hero Motors	0.000	S	0.000	S	0.000	S	0.000	S	0.000	S
11	Hindalco	0.000	S	0.000	S	0.000	S	0.000	S	0.000	S
12	HDFC Ltd	0.000	S	0.000	S	0.000	S	0.000	S	0.000	S
13	HUL	0.000	S	0.000	S	0.000	S	0.000	S	0.000	S
14	ICICI Bank	0.000	S	0.000	S	0.000	S	0.000	S	0.000	S
15	Infosys	0.000	S	0.365	NS	0.000	S	0.000	S	0.000	S
16	ITC	0.000	S	0.000	S	0.000	S	0.000	S	0.536	NS
17	L&T	0.000	S	0.000	S	0.000	S	0.000	S	0.000	S
18	Maruti	0.000	S	0.000	S	0.139	NS	0.00	S	0.004	S
19	M&M	0.000	S	0.000	S	0.000	S	0.000	S	0.000	S
20	NTPC	0.000	S	0.000	S	0.000	S	0.000	S	0.022	S
21	ONGC	0.000	S	0.006	S	0.000	S	0.000	S	0.000	S
22	RIL	0.376	NS	0.000	S	0.000	S	0.000	S	0.000	S
23	SBI	0.000	S	0.000	S	0.004	S	0.000	S	0.446	NS
24	SSLT	0.000	S	0.000	S	0.047	S	0.000	S	0.000	S
25	Sunpharma	0.000	S	0.000	S	0.000	S	-	-	0.000	S
26	Tata Motors	0.612	NS	0.000	S	0.000	S	0.000	S	0.000	S
28	Tata Power	0.000	S	0.001	S	0.008	S	0.000	S	0.000	S
29	TCS	0.000	S	0.000	S	0.000	S	0.000	S	0.000	S
30	Wipro	0.000	S	0.000	S	0.000	S	0.000	S	0.000	S

Source: Field data

Thetable shows t-test conducted to ascertain the variation the share prices before and after the declaration of dividend.

In the year 2014, the variations in the prices of stocks of 27 companies, out of 29, are significant and that of 2 companies -- RIL and Tata Motors, are insignificant.

In the year 2015, the variations in the prices of stocks of 27 companies, out of 29, are significant and that of 2 companies -- Infosys and Gail India, are insignificant.

In the year 2016, the variations in the prices of stocks of 29 companies, out of 30, are significant and that of one company -- Maruti Suzuki, is insignificant.

In the year 2017, the variations in the prices of stocks of 26 companies, out of 29, are significant and that of 3 companies -- BHEL, Dr.Reddy and Tata Steel, are insignificant.

In the year 2018, the variations in the prices of stocks of 26 companies, out of 30, are significant and that of 4 companies – Axis Bank, BHEL, ITC and SBI, are insignificant.

Over all the variation of 147 stock prices measured, after the announcement of dividend only 8 companies got insignificant. Remaining all others are significant.

t – Test: significance of variations in prices of stocks before and after the declaration of stock split

S.No.	Company Name	Year	T-Test	
1	BhartiAirtel	2014	0.000	S
2	HDFC ltd	2015	0.000	S
3	Sunpharma	2015	0.000	S
4	M&M	2015	0.000	S
5	ONGC	2016	0.000	S
6	Tata Power	2016	0.008	S
7	Tata Motor	2016	0.000	S
8	BHEL	2016	0.000	S
9	HDFC Bank	2016	0.000	S

Source: Field data

Thetable exhibits t-test conducted to ascertain the variation the share prices before and after the declaration of stock split.

In the year 2014, the variation in the prices of stock of 1 company, out of 1, is significant.

In the year 2015, the variations in the prices of stocks of 3 companies, out of 3, are significant.

In the year 2016, the variations in the prices of stocks of 5 companies, out of 5, are significant..

Over all the variation of 9 stock prices are measured, after the announcement of stock split all companies got significant.

T – Test: significance of variations in prices of stocks before and after the declaration of bonus

S.No.	Company Name	Year	T-Test	S/NS
1	RIL	2014	0.376	NS
2	TCS	2014	0.037	S
3	ONGC	2015	0.000	S
4	Wipro	2015	0.000	S

5	ITC	2015	0.000	S
6	Bajaj	2015	0.000	S
7	Sunpharma	2018	0.000	S
8	L&T	2018	0.000	S

Source: Field data

Thetable exhibits t-test conducted to ascertain the variation the share prices before and after the declaration of bonus.

In the year 2014, the variation in the prices of stocks of 1 company, out of 2, is significant and that of 1 company – RIL, is insignificant.

In the year 2015, the variations in the prices of stocks of 4 companies, out of 4, are significant.

In the year 2018, the variations in the prices of stocks of 2 companies, out of 2, are significant.

Over all the variation of 8 stock prices are measured, after the announcement of bonus only one company is insignificant and the remaining companies got significant.

FINDINGS OF THE STUDY

The findings of the study are based on the interpretation and analysis of data and are summarized in this chapter.

In the study found that, in the year 2014, after declaring dividend, 5 companies - Tata Motors, L&T, Bajaj, Tata Power and NTPC, had the maximum impact ranging between 1.10 and 1.62.

In the year 2014, after declaring dividend, 5 companies – Cipla, Tata Steel, Sunpharma, M&M and HDFC Bank had the minimum impact ranging between 0.07 and 0.29

In the year 2014, after declaring dividend, 15 companies - ICICI, ONGC, ITC, SBI, Wipro, Maruti, HUL, Hindalco, Dr.Reddy, HDFC ltd, TCS, SSLT, Gail India, Hero Motors and Infosys had the abnormal returns.

In the year 2015, after declaring dividend, 5 companies –SSLT, ICICI, SBI, Cipla and HDFC Bank had the maximum impact ranging between 0.49 and 1.32

In the year 2015, after declaring dividend,5 companies – HDFC ltd, NTPC, Infosys, RIL and Wipro had the minimum impact ranging between 0.10 and 0.26

In the year 2015, after declaring dividend, the 16 companies – Tata Steel, Tata Motor, Tata Power, HUL, BHEL,M&M, Sunpharma, Dr. Reddy, ITC, L&T, Hindalco, Axis Bank, ONGC, Hero Motors, Bajaj and Gail India had the abnormal returns.

In the year 2016, after declaring dividend, companies –TCS, RIL, Maruti, Axis Bank and SSLT had the maximum impact ranging between 0.75 and 1.60.

In the year 2016, after declaring dividend, 5 companies – Coal India, BHEL, Hindalco, Dr.Reddy and Wipro had the minimum impact ranging between 0.04 and 0.26.

In the year 2016, after declaring dividend, 14 companies – L&T, Bajaj, Gail, Hero Motors, HUL, Sunpharma, M&M, HDFC ltd, ONGC, Tata Power, Tata Steel, NTPC, ITC and BhartiAirtel had the abnormal returns.

In the year 2017, after declaring dividend, 5 companies –Axis Bank, Wipro, HDFC Bank, Hero Motors and Maruti had the maximum impact ranging between 0.34 and 1.49.

In the year 2017, after declaring dividend, and 5 companies – RIL, HDFC ltd, Hindalco, ICICI and HUL had the minimum impact ranging between 0.11 and 0.17.

In the year 2017, after declaring dividend, 18 companies – SBI, Coal India, L&T, TCS, Tata Steel, BHEL, ONGC, M&M, ITC, NTPC, Cipla, Tata Power, SSLT, Gail, Bajaj, BhartiAirtel, Tata Motors and Infosys had the abnormal turns.

In the year 2018, after declaring dividend, 6 companies – HDFC ltd, Axis Bank, BHEL, Maruti, SBI and Hindalco had the maximum impact ranging between 0.71 and 1.31.

In the year 2018, after declaring dividend, 5 companies – Dr.Reddy, Cipla, Gail, Tata Power and Tata Steel had the minimum impact ranging between 0.09 and 0.35.

In the year 2018, after declaring dividend, 8 companies – HUL, Wipro, RIL, TCS, SSLT, Hero Motors, Coal India and Infosys had the abnormal returns.

In the year 2014, only one company – BhartiAirtel has announced the split and the mean return as 0.83 before the split and 0.45 after the split and this could be considered a normal return.

In the year 2015, the two companies – HDFC ltd and Sunpharma ha announced the split and the mean return as 0.07 and 0.32 before the split and -0.03 & 0.53 after the split. The HDFC ltd could be considered a normal return and Sunpharma could be considered abnormal return.

In the year 2016, the 5 companies – ONGC, Tata Power, Tata Motor, BHEL and HDFC Bank had announced the split and the mean return between -0.31 to 0.44 before the split and -0.60 to 0.04 after the split. The ONGC, Tata Motor, BHEL and HDFC bank could be considered a normal return and Tata Power could be considered abnormal return.

In the year 2014, two companies – RIL and TCS had announced the bonus and the mean return as 0.39 & 0.75 before the split and –0.35 & 0.95 after the split and the RIL could be considered a normal return and TCS Could be considered abnormal return.

In the year 2015, the three companies – ONGC, Wipro, ITC and Bajaj had announced the bonus and the mean return as -0.12 and 0.42 before the bonus and -0.60 & 0.49 after the bonus. The ONGC, Wipro and ITC could be considered a normal return and Bajaj could be considered abnormal return.

In the year 2018, the two companies –Sunpharma and L&T had announced the bonus and the mean return between 0.34 & 0.35 before the bonus and -0.27 & -0.24 after the bonus. The Sunpharma& L&T could be considered a normal return.

In the year 2014, the variations in the prices of stocks of 27 companies, out of 29, are significant and that of 2 companies -- RIL and Tata Motors, are insignificant.

In the year 2015, the variations in the prices of stocks of 27 companies, out of 29, are significant and that of 2 companies -- Infosys and Gail India, are insignificant.

In the year 2016, the variations in the prices of stocks of 29 companies, out of 30, are significant and that of one company -- Maruti Suzuki is insignificant.

In the year 2017, the variations in the prices of stocks of 26 companies, out of 29, are significant and that of 3 companies -- BHEL, Dr.Reddy and Tata Steel, are insignificant.

In the year 2018, the variations in the prices of stocks of 26 companies, out of 30, are significant and that of 4 companies – Axis Bank, BHEL, ITC and SBI, are insignificant.

In the year 2014, the variation in the prices of stock of 1 company, out of 1, is significant.

In the year 2015, the variations in the prices of stocks of 3 companies, out of 3, are significant.

In the year 2016, the variations in the prices of stocks of 5 companies, out of 5, are significant.

SUGGESTIONS

The suggestions made in the study are based on the findings of this study.

Out of 164 movements of prices of shares of 30 companies under BSE analysed to find out the impact of the events—dividend, bonus and stock-split, only 9 movements have been found out to be insignificant. It may be comprehended that the events under study have significant impact on the prices of shares. It may be suggested to the investors, hence, that they should take into consideration the announcement of events besides the fundamental and technical analysis made about the companies concerned.

The investor may be advised to consider the index-prices of shares after considering the impact of events of this study.

It may advised to SEBI that it may take steps to educate the investors appropriately on how the investor should analyse and react to the impact of the events under study.

Since any information on the events under study make serious impact on the share prices, SEBI and other authorities concerned should carefully monitor the officials of the companies and the market to prevent any wilful leak of any vital information on the company events to avoid insider trading

CONCLUSION

The Mamore company events that impact the stock market are dividend, bonus and stock split. This study has been done to investigate how the share prices have reacted to the company event during the prior and post period. Event study is extremely sensitive to mistakes made during the design phase and interpretation of results. The effect of the event on the company share price is very crucial for not only the literature but also for the regulation and supervision of the capital market. It may be comprehended that the events under study have significant impact on the prices of shares. To help the stock market function objectively and efficiently, appropriate steps should be taken to protect the transparency of the functioning of the stock market and the innocence of the investors.

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