

**"Impact of Accounting Information on Stock Returns: An
Empirical Study on Shariah Compliant Companies of Pakistan"**



By:

Name: Waleed Jamal Chaudhry

Enrolment # 01-122142-064

MBA

Supervisor:

Dr. Muhammad Hanif

Department of Management Sciences

Bahria University Islamabad

2015.

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**A research project submitted in partial fulfillment of
the requirement for the degree of MBA**

Department of Management Sciences

Bahria Institute of Management and Computer Sciences

Bahria University Islamabad

2015.

FINAL PROJECT APPROVAL SHEET
Viva-Voice Examination

Date / /

Topic of Research: Impact of Accounting Information on Stock Returns:
An Empirical Study on Shariah Compliant Companies of Pakistan

Names of Student(s): Waleed Jamal Chaudhry Enroll # 01-122142-064

Class: MBA

Approved by:

(Dr. Muhammad Hanif)

Project Supervisor

()

Internal Examiner

(Write name of your own external examiner)

External Examiner

Dr. Sarwar Zahid

Research Coordinator

Dr Nadia Tahir

Head of Department

Management Sciences

DEDICATION

My humble effort I dedicate to my sweet and loving

"Mother"

A strong and gentle soul who taught me to trust in Allah,
believe in hard work and her affection, love, encouragement
and prays make me able to get such success and honor

&

"Father"

For earning an honest living for us and for supporting and
encouraging me to believe in myself

Along with all respected **"Teachers"**

A major contribution in development of my personality

ACKNOWLEDGEMENT

All the acclamation and appreciation is for Almighty Allah the most merciful, gracious and beneficent who is entire source of all the knowledge and wisdom endowed to mankind. All the prayers forever in the name of Almighty Allah, who helped me in conducting this research study and blessed me to reach the destination. Without His assistance none is capable of accomplishment.

First and foremost, I would like to gratefully acknowledge the enthusiastic supervision of **Dr. Muhammad Hanif** during this research. He inspired me greatly to work in this Thesis. His willingness to motivate me contributed tremendously to my Research Thesis. He has always been a fountain of knowledge, a source of inspiration and an emblem of enlightenment for me. May Allah, enhance his podium and make his achieve astounding successes. (Ameen)

Though only my name appears on the cover of this Thesis, a great many people like my Parents, Friends who contributed to its production. I owe my gratitude to all those people who have made this Thesis possible and because of whom my graduate experience has been one that I will cherish forever.

ABSTRACT

The purpose of this research study is to investigate whether accounting information through the issuance of annual reports influence stock returns movement in Pakistan Stock Exchange so that the current form of market can be identified. The event study methodology is employed in this research study to examine the behavior of firms' stock returns around the corporate event. The event window is created for 21 (-10, +10) days to examine the behavior of stock prices around the issuance date of annual reports. The study has estimated the abnormal returns by using the market model suggested by Brown and Warner (1985).

A sample of 25 Shariah Compliant Companies listed in KMI-30 Index has been under observation for the period of 5 years from January 2011 to December 2015. The results show that there is weak evidence of publication of annual reports effect on stock returns. Furthermore, the analysis shows that corporate financial disclosure does not lead to generate significant abnormal returns by investors. This study strongly supports the semi-strong form of efficiency in Pakistan Stock Exchange.

Key Words: Accounting Information, Stock Returns, Event Study, Issuance Date of Annual Reports, Semi-strong form of EMH, Shariah Compliant Companies of Pakistan