

Major: Finance

F. No.06

**"Announcement impact; Response of Market to Stock
Splits"**



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Spring-2018

ABSTRACT

This study investigates the reaction of market to stock splits by using set of Indian firms. By using event study methodology, only data from listed companies of BSE (Bombay Stock Exchange) is considered. Between pre-split event window 15 days and post-split event window 15 days, at different stages there are created 5 windows. All these 5 windows are separately considered and checked for each stock. In BSE it has been observed that stock split is very frequent in this market. Companies which have maintained the trust of investors, they could even transform losses after the stock splits into profits. And those one which have not established the trust of investors, their investors constantly suffer losses but in most of the case percentage of losses get reduced because of the impact of trading range.

Table of Contents

CHAPTER 1	1
1. Introduction:.....	1
1.1 <i>Stock Splits</i> :	2
1.2 <i>Share Prices</i> :	3
1.3 <i>Stock Split and Share Prices</i> :	3
1.4 <i>Accounting Adjustment of Stock Splits</i> :	5
1.5 <i>Problem Statement</i> :	5
1.6 <i>Research Questions</i> :.....	6
1.7 <i>Objectives</i> :	6
1.8 <i>Significance</i> :	6
1.9 <i>Organization of Study</i> :.....	7
CHAPTER 2	8
2. Literature Review:	8
2.1 <i>Hypotheses</i> :.....	14
CHAPTER 3	15
3. Research Methodology:	15
3.1 <i>Sample & Methodology</i> :	15
3.2 <i>Operational Definitions</i> :	17
CHAPTER 4	18
4. Results and Analysis:.....	18
CHAPTER 5	51
5. Conclusion:	51
5.1 <i>Recommendations</i> :.....	51
5.2 <i>Future Research</i> :	52
5.3 <i>Limitations</i> :	52
REFERENCES.....	53