AN ANALYTICAL STUDY ON THE MARKET REACTION TOWARDS STOCK SPLIT WITH SPECIAL REFERENCE TO S&P NIFTY SCRIPS

A PROJECT REPORT

Submitted

By

S.SAMPATHKUMAR

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CERTIFICATES

KCT BUSINESS SCHOOL
DEPARTMENT OF MANAGEMENT STUDIES
KUMARAGURU COLLEGE OF TECHNOLOGY
COIMBATORE -641006

BONAFIDE CERTIFICATE

Certified that this project report titled **"An Analytical Study on the Market Reaction towards Stock Split with special to S&P NSE Scrips"** is the bonafide work of **Mr. S.SAMPATHKUMAR (0720400035)** who carried out the research under my supervision. Certified further, that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

Mr. A.SENTHIL KUMAR
Project Guide

Prof. Dr. S.V. DEVANATHAN
Director

Viva – Voice examination held on 1.11.08

Internal Examiner

External Examiner

CoimbatoreCapital

CCom/ Proj/2008-09

12-09-2008

CERTIFICATE

This is to certify that Mr Sampath Kumar S, M.B.A, Roll No. 07MBA35, student of Department of Management Studies, KCT Business School, Kumaraguru College of Technology, Coimbatore has undergone project work on **"An Analytical Study on the Market Reaction towards Stock Split with Special Reference to S & P Nifty Scrips"** in our organization during 16-06-2008 to 19-07-2008.

During this period his performance and conduct were highly commendable.

For Coimbatore Capital Limited

Manoharan D
Head - HR

DECLARATION

DECLARATION

I hereby declare that the dissertation entitled **"An Analytical Study on the Market Reaction towards Stock Split with special to S&P NSE Scrips "** submitted for the **MASTER OF BUSINESS ADMINISTRATION** degree is my original work and the dissertation has not formed the basis for the reward of any Degree, Associate ship, Fellowship or any other similar titles.

21/10/08

Signature of the student
With date

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

This researcher examines the market effect of stock splits on stock price, net income, earning per share, profit before tax, profit after tax and the correction factor around the split dates for a sample of five companies that have made stock splits during the period 2007–2008. The traditional view of stock splits as cosmetic transactions that simply divide the same pie into more slices is inconsistent with the significant wealth effect associated with the announcement of a stock split. The researcher found that the stock split has influence on the financial variables like net income, EPS, PAT, PBT, Correction Factor and the share price of the stocks. The stock split makes the retail investors to invest in these high priced stocks and get the gain from the capital appreciation and the periodical corporate announcements.

Chapter-I
INTRODUCTION

CHAPTER – 1

INTRODUCTION

BACKGROUND

The Background of the research is to know the influence of the stock split on market price of the equity share of the company. The five companies were chosen based on the market capitalisation which were split their stocks in financial year 2007-2008. The stocks are large cap stocks, which included on the Nifty stock in national Stock Exchange. The period of analysis is about one year. The period is selected based on the boom of the stock market. The period is from 2007-2008 and the quarter financial results and respective quarter's price have been taken for the analysis. Various parameters used are correlation, variance and standard deviation. With the help of these tools and also with the use a number of interpretations were formed and based upon the effect of financial announcement and their impact on their respective share prices.

1.1. STOCK SPLIT

1.1. I. DEFINITION

An increase in the number of outstanding shares of a company's stock, such that proportionate equity of each shareholder remains the same. This requires approval from the board of directors and shareholders. A corporation whose stock is performing well may choose to split its shares, distributing additional shares to existing shareholders. The most common stock split is two-for-one, in which each share becomes two shares. The price per share immediately adjusts to reflect the stock split, since buyers and sellers of the stock all know about the stock split (in this example, the share price would be cut in half). Some companies decide to split their stock if the price of the stock rises significantly and is perceived to be too expensive for small investors to afford. also called split.

EXAMPLE

A company with 100 shares of stock priced at Rs 500 per share. The market capitalization is 100 × 500, or Rs 50000. The company splits its stock 2-for-1 There are now 200 shares of stock and each shareholder holds twice as many shares. The price of each share is adjusted to Rs 250. The market capitalization is 200 × 250 = 50000, the same as before the split. Stocks can be split 5 for 1, 10 for 1, 2for 1 etc

1.1. II. REASONS FOR STOCK SPLITS

One of the reasons why a company may execute a stock split is to decrease its price per share. This is done when the price reaches too high levels, which may discourage potential investors. As a result of the executed split of stocks, the price is put at a reasonable level, thus increasing the chances for attracting even smaller investors.

Another reason is for the company to split its stocks is to increase the latter's liquidity. Decreasing the price of shares leads to higher volumes of the latter being traded.

Taking the same example of the company X mentioned above, when the stock splits from Rs 10 to Rs 5 each, then the number of outstanding shares in the market goes up from 20,000 to 40,000. So the liquidity or floating stock of the company also goes up. But one can argue that in this era of demat when an investor can buy even one share of a company how does high price deter the investment? In a demat environment, the concept of market lot does not exist and investors may as well sell and buy shares in single digits as in tens, hundreds or, even, thousands. But investors buying in small lots are certainly not going to increase the overall trading volumes and the problem of low trading volumes remains.

The problem of liquidity is compounded where the free-float of the company is small and the promoters hold a huge chunk of the equity. In the eighties, the companies were restricted by the existence of the fixed par value concept. Companies could not split their

1980s. But the Securities and Exchange Board of India (SEBI) has now abolished the concept of a fixed par value leaving it to the companies to fix their own par values. At that time companies used the concept of bonus offers to bring down the stock price and make it more affordable. So while bonus offers do make the stock affordable, they also entail transferring funds from the free reserves of the company to the equity capital. This causes the equity to increase and thus in the long run the company has to service this enhanced equity. Therefore, a bonus offer means the payout increases for the company. On the other hand, in a stock-split, the equity capital does not rise; it is just a sub-division of the shares. Therefore, the dividend outgo does not increase.

1.1. III. REVERSE STOCK SPLIT

A **reverse stock split**, or **reverse split**, is just the same, but in reverse: a reduction in number of shares and an accompanying increase in the share price. The ratio is also reversed: 1-for-2, 1-for-3 and so on.

There is a stigma attached to doing this so it is not initiated without very good reason. Many institutional investors and mutual funds, for example, have rules against purchasing a stock whose price is below some minimum, perhaps. An extreme case would be when a share price has dropped so low that it is in danger of being delisted from its stock exchange.

It is also possible that a reverse stock split could be used as a tactic to reduce the number of shareholders. In a hypothetical 1-for-100 reverse split any investor holding less than 100 shares would simply receive a cash payment and no shares of stock. If the resulting number of shareholders has then dropped below some threshold, it may be placed into a different regulatory category. Typically, the stock will temporarily add a "D" to the end of its ticker during a reverse stock split.

1.2. INDIAN FINANCIAL SYSTEM

The economic development of a nation is reflected by the progress of the various economic units, broadly classified into corporate sector, government and household sector. While performing their activities these units will be placed in a surplus/ deficit/ balanced budgetary situations.

There are areas or people with surplus funds and there are those with a deficit. A financial system or financial sector functions as an intermediary and facilitates the flow of funds from the areas of surplus to the areas of deficit. A Financial System is a composition of various institutions, markets, regulations and laws, practices, money manager, analysts, transactions and claims and liabilities.

1.2 .I. FINANCIAL SYSTEM;

The word "system", in the term "financial system", implies a set of complex and closely connected or interlined institutions, agents, practices, markets, transactions, claims, and liabilities in the economy. The financial system is concerned about money, credit and finance-the three terms are intimately related yet are somewhat different from each other. Indian financial system consists of financial market, financial instruments and financial intermediation. These are briefly discussed below;

FINANCIAL MARKETS

A Financial Market can be defined as the market in which financial assets are created or transferred. As against a real transaction that involves exchange of money for real goods or services, a financial transaction involves creation or transfer of a financial asset. Financial Assets or Financial Instruments represents a claim to the payment of a sum of money sometime in the future and /or periodic payment in the form of interest or dividend.

Money Market- The money market ifs a wholesale debt market for low-risk, highly-liquid, short-term instrument. Funds are available in this market for periods ranging from a single day up to a year. This market is dominated mostly by government, banks and financial institutions.

Capital Market - The capital market is designed to finance the long-term investments. The transactions taking place in this market will be for periods over a year.

Forex Market - The Forex market deals with the multicurrency requirements, which are met by the exchange of currencies. Depending on the exchange rate that is applicable, the transfer of funds takes place in this market. This is one of the most developed and integrated market across the globe.

Credit Market- Credit market is a place where banks, FIs and NBFCs purvey short, medium and long-term loans to corporate and individuals.

1.2. II.FINANCIAL INTERMEDIATION

Having designed the instrument, the issuer should then ensure that these financial assets reach the ultimate investor in order to garner the requisite amount. When the borrower of funds approaches the financial market to raise funds, mere issue of securities will not suffice. Adequate information of the issue, issuer and the security should be passed on to take place. There should be a proper channel within the financial system to ensure such transfer. To serve this purpose, **Financial intermediaries** came into existence. Financial intermediation in the organized sector is conducted by a wide range of institutions functioning under the overall surveillance of the Reserve Bank of India. In the initial stages, the role of the intermediary was mostly related to ensure transfer of funds from the lender to the borrower. This service was offered by banks, FIs, brokers, and dealers. However, as markets, the scope of its operations also widened. Some of the important intermediaries operating ink the financial markets include; investment bankers, underwriters, stock exchanges, registrars, depositories, custodians, portfolio managers, mutual funds, financial advertisers financial consultants, primary dealers, satellite dealers, self regulatory organizations, etc. Though the markets are different, there may be a few intermediaries offering their services in more than one market e.g. underwriter. However, the services offered by them vary from one market to another.

Intermediary	Market	Role
Stock Exchange	Capital Market	Secondary Market to securities
Investment Bankers	Capital Market, Credit Market	Corporate advisory services, Issue of securities
Underwriters	Capital Market, Money Market	Subscribe to unsubscribed portion of securities
Registrars, Depositories, Custodians	Capital Market	Issue securities to the investors on behalf of the company and handle share transfer activity
Primary Dealers Satellite Dealers	Money Market	Market making in government securities
Forex Dealers	Forex Market	Ensure exchange ink currencies

Source : "Financial Services" by D. Joseph Anbarasu, P.Manoharan, V.K.Boominathan, G.Gnanaraj , Sultan Chand & Sons Educational Publishers in the year of 2003.

1.2. III. FINANCIAL INSTRUMENTS

Money Market Instruments

The money market can be defined as a market for short-term money and financial assets that are near substitutes for money. The term short-term means generally a period up to one year and near substitutes to money is used to denote any financial asset which can be quickly converted into money with minimum transaction cost.

Some of the important money market instruments are briefly discussed below;

1. Call/Notice Money
2. Treasury Bills
3. Term Money
4. Certificate of Deposit
5. Commercial Papers

1. Call /Notice-Money Market

Call/Notice money is the money borrowed or lent on demand for a very short period. When money is borrowed or lent for a day, it is known as Call (Overnight) Money. Intervening holidays and/or Sunday are excluded for this purpose. Thus money, borrowed on a day and repaid on the next working day, (irrespective of the number of intervening holidays) is "Call Money". When money is borrowed or lent for more than a day and up to 14 days, it is "Notice Money". No collateral security is required to cover these transactions.

2. Inter-Bank Term Money

Inter-bank market for deposits of maturity beyond 14 days is referred to as the term money market. The entry restrictions are the same as those for Call/Notice Money except that, as per existing regulations, the specified entities are not allowed to lend beyond 14 days.

3. Treasury Bills.

Treasury Bills are short term (up to one year) borrowing instruments of the union government. It is an IOU of the Government. It is a promise by the Government to pay a stated sum after expiry of the stated period from the date of issue (14/91/182/364 days i.e. less than one year). They are issued at a discount to the face value, and on maturity the face value is paid to the holder. The rate of discount and the corresponding issue price are determined at each auction.

4. Certificate of Deposits

Certificates of Deposit (CDs) is a negotiable money market instrument issued in dematerialised form or as a Usance Promissory Note, for funds deposited at a bank or other eligible financial institution for a specified time period. Guidelines for issue of CDs are presently governed by various directives issued by the Reserve Bank of India, as amended from time to time. CDs can be issued by (i) scheduled commercial banks excluding Regional Rural Banks (RRBs) and Local Area Banks (LABs); and (ii) select all-India Financial Institutions that have been permitted by RBI to raise short-term resources within the umbrella limit fixed by RBI. Banks have the freedom to issue CDs depending on their requirements. An FI may issue CDs within the overall umbrella limit fixed by RBI, i.e., issue of CD together with other instruments viz., term money, term deposits, commercial papers and inter corporate deposits should not exceed 100 per cent of its net owned funds, as per the latest audited balance sheet.

5. Commercial Paper

CP is a note in evidence of the debt obligation of the issuer. On issuing commercial paper the debt obligation is transformed into an instrument. CP is thus an unsecured promissory note privately placed with investors at a discount rate to face value determined by market forces. CP is freely negotiable by endorsement and delivery. A company shall be audited balance sheet, is not less than Rs. 4 crore; (b) the working capital (fund-based) limit of the company from the banking system is not less than Rs.4 crore and (c) the borrowable account of the company is classified as a Standard Asset by the financing bank/s. The minimum maturity period of CP is 7 days. The minimum credit rating shall be P-2 of CRISIL or such equivalent rating by other agencies.

Capital Market Instruments

The capital market generally consists of the following long term period i.e., more than one year period, financial instruments; In the equity segment Equity shares, preference shares, convertible preference shares, non-convertible preference shares etc and in the debt segment debentures, zero coupon bonds, deep discount bonds etc.

Hybrid Instruments

Hybrid instruments have both the features of equity and debenture. This kind of instruments is called as hybrid instruments. Examples are convertible debentures, warrants etc.

1.2. iv. FINANCIAL SERVICES

Financial services include the services offered by both companies – Asset management companies and Liability management companies.

MEANINGS AND SIGNIFICANCE

Finance services are an important component of the financial system. Finance services cater to the needs of the financial institutions , financial markets and financial instruments. These in turn are geared to serve individual and institutional investors. Financial institutions and financial markets help the financial system through the financial instruments. They require a number of services of financial nature in order to fulfil the task assigned . financial services are considered as the fourth element of the financial system very much depends on the range of financial services provided by the providers, and their efficiency.

Two types of companies provide finance services. They are Asset management companies and Liability management companies. AMCs include leasing companies, mutual funds, merchant bankers, and portfolio managers. LMCs consist of bill discounting houses and acceptance houses.

1.2. iv. a. EVOLUTION OF FINANCIAL SERVICES IN INDIA

- The merchant Banking services were introduced in 1960.
- The general insurance business was nationalised in early 1970s
- Leasing made its mark in the closing years of the 1970s. The numbers of leasing firms has gone up 400 in 2000.
- Over-the-counter services. Share transfers, pledging of shares, mutual funds, factoring, discounting, venturing capital ,credit rating ,have found their origin from 1980.

1.2. IV.b.CONSTITUTIONS OF FINANCIAL SERVICES

There are four major constitutions of financial services

a. **Instruments.** There are equity instruments, debt instruments, hybrid and exotic instruments.

b. **Market Players.** There banks, financial institutions, mutual funds, merchants bankers, stock brokers, consultants, underwriters, market makers etc.

c. **Specialised Institutions.** They are acceptance houses, discount houses, factors, depositories, credit rating agencies, venture capital institutions etc.

d. **Regulatory bodies.** These include Department of Banking and Insurance of central government, Reserve Bank of India, Security board of India, board of Industrial

1.2. iv .c. REGULATORY AUTHORITIES OF FINANCIAL SERVICES

The regulatory frame work relating to financial services can be broadly grouped into three main types. They are:

1. The structural Regulation,
2. The Prudential Regulation, and
3. The investor Protection Regulation.

Structural Regulation

It determines the types of activities that various forms of institution are permitted to engage in. For example, Securities Exchange board of India (SEBI) insists that merchant banks and stock broking institutions to separate their entire fund based activities.

Prudential Regulation

It covers the internal management of financial institution and other financial services firm in relation to capital adequacy, liquidity and solvency.

For examples, Reserve Bank of India (RBI) has regulated the non-banking finance companies in raising public deposits

The following table to understand the different level of Regulation on Financial Services.

Level	Source of Authorities	Means of Authorities
1	Government	Appellate Authorities
2	Legislation through Parliament	Banking Regulation Act, Insurance Act, MRTP Act, Indian Trust act, etc.
3	Institutions under an Act of parliament	UTI, LIC, GIC, etc.
4	Regulators	RBI, SEBI, FEMA, and IRA
5	Regulations of regulators	RBI directives to commercial Banks, NBFCs, SEBI Regulations, Guidelines, Notifications, etc.
6	Self-Regulations	By-laws, Rules and Regulations and code of Conduct issued by the varies financial services Industry, Associations, like AMFI.

Source:"Financial Services" by D. Joseph Anbarasu, P.Manoharan, G.Gnanaraj V.K.Boominathan, , Sultan Chand & Sons Educational Publishers in the year of 2003.

Investor Production Regulation

It is generally known that investor is the weakest participant of the financial markets. Therefore, they need production from malpractice, fraud and collapse. For example, SEBI that all AMCs should publish the half-yearly NAVs for perusal of investor.

1.2. V. INDIAN SECURITY MARKET – HISTORY

STOCK MARKET IN INDIA

With the small beginnings in the early 19th century, India's stock market has risen to great heights. By 1990, India had 19 stock exchanges. In 1999, the number of stock exchanges has risen to 23. There were around 9877 listed companies. This one's interest to know about the origin and growth of stock market in India.

ORIGIN AND GROWTH

Stock exchanges of India in rudimentary from originated in 1800 and since then have developed through six board phases. The stock Exchange, Mumbai, popularly known as "BSE" was established in 1875 as "The Native Share Brokers Association", as a voluntary non-profit making association. It has evolved over the years into its present status as the premier stock exchange in the country. It may be noted that Bombay Stock Exchange oldest one in Asia, even older than the Tokyo Stock Exchange, which was founded in 1878.

The shares were actively traded in stock exchange of Bombay between 1866 and 1900 due to rapid industrial activities. It led to formation of regular market for securities. A share market was established in Bombay then. Still it is a leading stock exchange in India. The Native Share and Stock Brokers Association, a voluntary organisation was set up in 1887. The broker laid down their code of conduct. They mobilised funds for government securities issued by Bombay Port Trust and Bombay municipality. A similar organisation was initiated at Ahmedabad in 1894.

Share investment took a different direction due to the influence of Swedeshi Movement of Mahatma Gandhi during this period. It encouraged indigenous trading. It motivated the business class to start industrial enterprises. Calcutta became another major centre of share trading. Coal boom injected a new blood in the stock market between 1904

Due to involvement of British in the world war, the existing enterprises in steel and cotton textiles, woollen textiles, tea and engineering goods expanded. New enterprises were floated. Another stock exchange was initiated at madras in 1920.

The period was a consolidation period for existing exchanges in India. Industrial development planning played the pivotal role of expanding the industrial and commercial base of the country in this period. Two more stock exchanges were set up at Hyderabad in 1943 and at Delhi in 1947. Seven stock exchanges were functioning in the major cities of the country at the time of independence. Twelve more stock exchanges were set up between 1946 and 1990.

The number of stock exchanges increased to 23 and number of listed companies to in 1999. It is equally importance to know the network of the Indian stock exchanges id spread throughout the length and breath of the country.

1.2. v.a. FORMS OF ORGANISATION

Forms of Organisation	Name of the stock exchange
1. A Voluntary Non-Profit making Association of persons	a. Bombay Stock exchange b. Ahmedabad Stock Exchange c. M.P (Indore) Stock Exchange
2. Public limited Companies	a. Calcutta Stock Exchange b. Delhi Stock exchange c. U.P, Stock exchange d. Luthiana Stock exchange e. Cochin Stock exchange f. Gauhati Stock exchange g. Jaipur Stock exchange h. Kanara (Mangalore) Stock exchange
3. Company limited by Guarantee	a. Chennai Stock exchange b. Hyderabad Stock exchange c. Pune Stock exchange

Source: "Financial services " by D. Joseph Anbarasu, P.Manoharan, V.K.Boominathan, G.Gnanaraj , Sultan Chand & Sons Educational Publishers in the year of 2003.

1.2. v.b. REFORMS IN INDIAN SECURITIES MARKET

The development in Indian security market since 1992 can be summarized as followings:

1. Capital issues (Control) Act of 1947 was repealed and the office of controller of capital issues abolished. Control over price and premiums of shares were removed. Companies are now free to raise funds from securities market after filling prospectus with the Security Exchange board of India(SEBI)

2. The power to regulate stock exchanges has been delegated to SEBI by the Government.

3. SEBI introduces regulations for primary and other secondary market intermediaries, brings them within the regulatory framework.

4. Reforms by SEBI in the primary market include improved disclosures standards, introduction of prudential norms, and simplification of issues procedures. Companies are required disclosing all material facts and specific risk factors associated with their projects while making public issues.

5. Listing agreements of stock exchange have been amended to require listed companies to furnish annual statement showing variations between financial projections and projected utilisation of funds in the offer document and actual figures. This is to enable shareholders to make comparisons between performance and promises.

6. SEBI introduces a code of advertisement for public issues to ensure fair and truthful disclosures.

7. Disclosure norms further have strengthened by introducing cash flow statements.

8. New issue procedures have been introduced. Book building for institutional investors is introduced to bring down the costs of issue.

9. SEBI introduces regulations governing substantial acquisition of shares and takeovers and lays down conditions under which disclosures and mandatory public offers are to be made to the shareholders. Regulations further revised and strengthened in 1996.

10. SEBI reconstitutes the governing boards of the stock exchanges and introduces capital adequacy norms for brokers accounts.

11. Private mutual funds are permitted and several such funds have been already set up. All mutual funds are allowed to apply for firm allotment in public issues. This is to reduce issue costs.

12. Regulations for mutual funds have been revised in 1996, giving more flexibility to fund managers while increasing transparency, disclosures, and accountability.

13. Over-the-Counter Exchange of India has been formed.

14. National Stock Exchange has been established as a stock exchange with nationwide electronic trading.

15. Bombay Stock Exchange(BSE) introduces screen based trading. 15 stock exchange now have screen- based trading. BSE has been granted permission to expand its trading network to other centres.

16. Capital adequacy requirement for brokers has been enforced.

17. System of mark to market margins has been introduced in the stock exchanges.

18. Stock lending scheme has been introduced.

19. Transparency is brought about in short selling.

20. NSE has set up the National Security Clearing Corporation Ltd.

21. BSE is in the process of implementing a trade guarantee scheme.

22. SEBI strengthens surveillance mechanisms a trade and directs all stock exchanges to have separate surveillance departments.

23. SEBI strengthens enforcement of its regulations.

24. SEBI begins the process of prosecuting companies for misstatements and ensures refunds of application money in several issues on account of misstatement in the prospects.

25. Indian companies are permitted to access international capital markets through Euro issues.

26. Foreign direct investment has been allowed in stock broking, asset management companies, merchant banking, and other non bank finance companies.

27. Foreign institutional investors are allowed to Indian capital markets on registration with SEBI.

1.2. v.c. REGULATIONS OF STOCK EXCHANGES

All stock exchanges were subject to self –regulation from their own management bodies i.e., Board of Governors till 1956. However, after that it is changed to three-tier regulation.

1. Constitution of India lists the subject of stock exchanges and Future Markets under the exclusive authority of Central Government. Central Government through Ministry of Finance regulate the stock exchanges primarily through Security Contract (Regulation) Act, 1956 (SCRA).

2. The Security Exchange Board of India (SEBI) also regulates the stock exchanges in order to protect the interest of investors and promote the development of security markets in India.

3. In addition, all stock exchanges have their own separate rules, by laws and regulations, which are exercised through their governing Councils.

1.3. COIMBATORE CAPITAL LIMITED

1.3. INTRODUCTION AND DETAILS ABOUT THE ORGANIZATION

Coimbatore Capital Limited (C-Cap) was promoted by Mr. D Balasundaram, an industrialist and Director of K G Group of Companies along with few members of Coimbatore Stock Exchange (CSX). Mr. Balasundaram is also the former President & Founder Director of CSX. He is also a founder director of Interconnected Stock Exchange of India (ISE).

Coimbatore Capital is a trading member in the capital market, futures and options, and retail debt segments of the National Stock Exchange of India Limited. It is also a depository participant with National Securities Depository Limited. It is also a dealer in the over the counter exchange of India Limited. A subsidiary of Coimbatore Capital is a member of inter connected stock exchange of India Limited.

DETAILS OF THE COMPANY

Residental Adderss

Coimbatore Capital (P) Limited

Stock Exchange Building

1st Floor

686, Trichy Road

Coimbatore - 641 005

Phone: +91 422 2 32 02 02 - 06

For any queries send mails to: dp@coimbatorecapital.net

HISTORY OF THE COMPANY

Coimbatore Capital Limited (C-Cap) was promoted by Mr. D Balasundaram, an industrialist and Director of K G Group of Companies along with few members of Coimbatore Stock Exchange (CSX).

C-Cap commenced its operations as a Member in the Capital Market Segment of the National Stock Exchange of India Limited (NSE) in July 1995. C-Cap was admitted as a dealer of Over The Counter Exchange of India (OTCEI) during 1995 and commenced trading in March 1996.

The Company commenced its services as Depository Participant of National Securities Depository Limited (NSDL) in February, 1997. The company has become a trading & clearing member in the derivative segment of NSE in August 2000.

PROFILE OF THE COMPANY

Coimbatore Capital Limited (C-Cap) was promoted by Mr. D Balasundaram, an industrialist and Director of K G Group of Companies along with few members of Coimbatore Stock Exchange (CSX).

- Mr. Balasundaram is also the former President & Founder Director of CSX. He is a founder director of Interconnected Stock Exchange of India (ISE).
- Dealer of Over The Counter Exchange of India (OTCEI) during 1995 and commenced trading in March 1996.

Branches and trading terminals

- Chennai
- Coimbatore
- Cochin
- Ernakulam
- Bangalore

- Erode
- Gobichettiipalayam
- Karur
- Hosur
- Karaikal
- Madurai
- Neyveli
- Ooty
- Pondicherry
- Salem
- Sivakasi
- Thanjavur
- Tirunelveli
- Trichy
- Tuticorin
- Vellore
- Udumalpet
- Pollachi

ACTIVITIES OF THE COMPANY

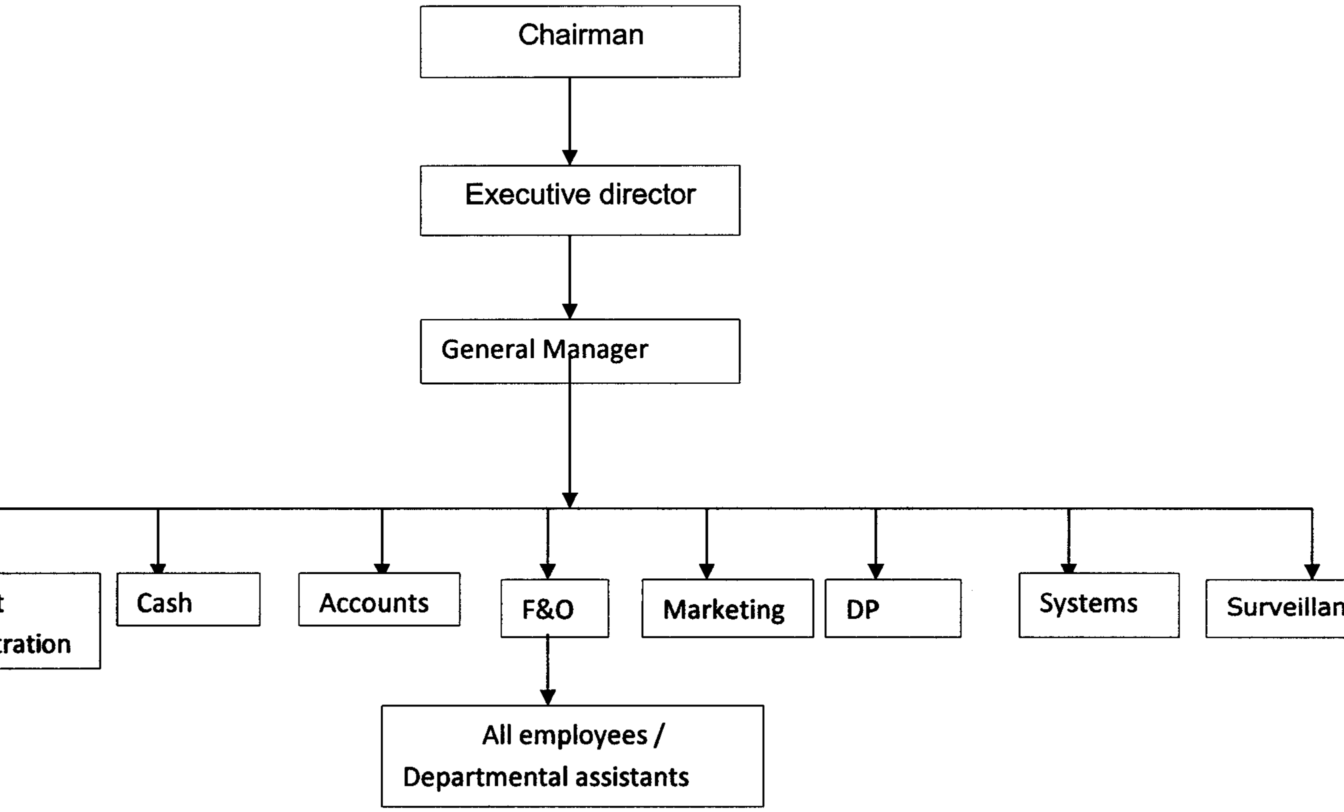
C-cap renders the following services to their clients directly or through their branches in big cities and major towns in Tamilnadu, Pondicherry, Kerala and Karnataka. The may provide the following services to their clients at a minimum amount of advisory charges compared to other brokers

i. Share trading
ii. Derivatives trading
iii. Depository Participant
iv. Commodities market trading operations
v. Mutual Fund Distributor and consultant
vi. Initial public offering

viii. MANAGEMENT STRUCTURE

The following charts may clearly illustrates the management structure of C-cap Limited.

ORGANISATIONAL STRUCTURE CHART



1.4. REVIEW OF LITERATURE

Josef Lakonishok and Baruch Lev (1987)[1] investigates empirically why firms split their stock or distribute Stock dividends and why the market reacts favourably to these distributions. The findings suggest that stock Splits are mainly aimed at restoring stock prices to a "normal range." Some support can also be found for be oft-mentioned signalling motive of stock splits. Stock dividends are altogether different from stock splits, and they appear to be a decreasing phenomenon. The clue to stock dividend distributions may lie in their perceived substitution for relatively low cash dividends.

Eva Liljeblom (1989)[2] investigates that informational impact of the announcement of stock dividends and stock splits for stocks listed on the Stockholm Stock Exchange. The findings suggest that the stock split announcements have a positive impact on the stock prices around the announcement period. This result supports be conclusion that significant positive price reactions are observed in the case of stock dividend or stocks split announcements that cannot be attributed to Contemporaneous information disclosures of EPS or dividends.

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[1] *Josef Lakonishok and Baruch Lev (1987),* "Stock Splits and Stock Dividends: Why, Who and When", *The Journal of Finance • VOL, XLII NO. 4 • September 1987.*

[2] *Eva Liljeblom (1989),"* The Informational Impact of Announcements of stock dividends and Stock splits", *Journal of Business Finance & Accounting,* 16(5) Winter 1989.

Patrick Dennis (2003)3[3] observed the signalling effect from the liquidity effect of stock splits, the researcher examine the liquidity changes following the two-for-one split of NASDAQ listed stocks. Since there can be no signalling with an stock split, any difference between pre and post split trading may be driven by liquidity but not signalling effects. The researcher find that though the post split relative bid- ask spread is higher and daily turnover is unchanged, the frequency, share volume, and dollar volume of small trades all increased after the split, indicating that the split improved liquidity for small trade-sizes.

Juan C. Reboredo (2003)[4] examines the market effect of stock splits on stock price, return, volatility, and trading volume around the split ex-dates for a sample of stock splits undertaken in the Spanish stock market during 1998–1999. The empirical evidence confirms a negative effect on price and return of stock splits, and the presence of a positive effect on volatility and trading volume. These results suggest that stock splits have induced the market to revise its optimistic valuation about future firm performance, rejecting signalling hypothesis according to which splits convey positive information to markets. Therefore, stock splits have reduced the wealth of shareholders.

[3] *Patrick Dennis (2003)*, "Stock Splits and Liquidity: The Case of the Nasdaq-100 Index Tracking Stock", The *financial Review 38, page: 415-433*

[4] *Juan C. Reboredo (2003), "*How is the market reaction to stock splits", Applied Financial Economics, 2003, 13, pp.361–368

David Easley, Maureen O'Hara, and Gideon Saar (2001)[5] examine different hypotheses about ,stock splits. In line with the trading range hypothesis, The researchers find that stock splits attract uninformed traders. However, the researchers also find that informed trading increases, resulting In no appreciable change in the information content of trades. Therefore, the researchers do not find evidence consistent with the hypothesis that stock splits reduce information asymmetries. The optimal tick size hypothesis predicts that stock splits attract limit order trading and this enhances the execution quality of trades. While researchers find an increase in the number of executed limit orders, their effect is overshadowed by the increase in the costs of executing market orders due to the larger percentage spreads. On balance, the uninformed investors" overall trading costs rise after stock splits.

Ranjan D'Melio, Oranee Tawatnuntachai (2002)[6] examine whether favourable information conveyed by stock split announcements transfers to non splitting firms within the same industry. On average, non splitting firms' shareholders experience positive and significant abnormal returns at the stock split announcements of their industry counterparts. In addition, industry wide and firm-specific characteristics are important determinants in explaining non splitting firms' stock returns. These firms' earnings increase significantly, and the earnings changes are positively related to the stock price reactions. Finally, the researcher find no evidence that investors revise the value of non splitting firms because they anticipate a decline in earnings volatility.

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[5]Davi(d Easley, Maureen O'Hara, *an6* Gideon Saar(2001), "How Stock Splits Affect Trading: A Microstructure Approach" , Journal of Financial and Quantitative Analysis, vol. 36, no. 1, March 2001

Arnat Leemakdej (2006)[7] The stock split is a popular practice in many markets despite the fact that it does not fundamentally change the value of the firm. Many past evidences supported the liquidity hypothesis and found positive abnormal return around stock split date. However, all studies employed traditional event studies methodology and defined the event date as either the announcement date or effective date. Drawback of the traditional method is the incapability to detect the impact when the event date is uncertain. This paper uses the new approach called EVARCH that can uncover the event window from the data. In addition, it takes the possible impact of stock split on stock's systematic risk and variance into account. New evidence from the Stock Exchange of Thailand during 2001-2005 reveals that there is no significant positive abnormal return. However, the study finds that the corporate might use stock split as a 'signal' of future capital increase to alleviate negative impact.

A. K. Mishra(2007)[8] examines the market effect of stock splits on stock price, return, volatility, and trading volume around the split ex-dates for a sample of stock splits undertaken in the Indian stock market over the period 1999–2005. The traditional view of stock splits as cosmetic transactions that simply divide the same pie into more slices is inconsistent with the significant wealth effect associated with the announcement of a stock split. However, the empirical evidence confirms a negative effect on price and return of stock splits. The overall cumulative abnormal returns after the split are negative. These results suggest that stock splits have induced the market to revise its optimistic valuation about future firm performance, rejecting signalling hypothesis to which splits convey positive information to markets. Hence, stock splits have reduced the wealth of the shareholders. The results also show that presence of a positive effect on volatility and trading volume following the split events, thus suggesting that split events enhance liquidity.

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[7] *Arnat Leemakdej (2006),* "New Evidence of Stock Split When Uncertain Event Window is identified".

[8] *A. K. Mishra (2007),* "The Market Reaction to Stock Splits — Evidence from India", International Journal of Theoretical and Applied Finance, Vol. 10, No. 2 (2007) pp251–271

1.5. NEED FOR THE STUDY

In recent years, there has been high price in the value of the stock, the stock values are very high or the lot of shares only available in market. The retail investors cannot be affordable or investing in the such kind of securities. Now days the companies doing favourable for the shareholders, that is stock split. The stock split announcement how making reaction in the stock market.

1.6. STATEMENT OF THE PROBLEM

Stock Splits are considered by various companies as a strategic cum financial decision. However the fact is that the stock splits receive mixed response from equity investors. The correction factors in market price of the share provide proof for this. Hence the market price reactions towards stock split underpriced internally by changes in key financial variables and externally from stock price correction factor are taken as a research problem to study upon.

1.7. OBJECTIVE

PRIMARY OBJECTIVE:

An analytical study on the market reaction towards stock split special reference to selected NSE scripts.

SECONDARY OBJECTIVE:

1. To find out the effects of stock split on stock price, net income, profit before tax, profit after tax and earnings per share of the company.

2. To study the impact of stock split on the wealth of the shareholders of the companies.

1.8. LIMITATIONS OF THE STUDY

1. The study covers only selected stocks and hence the results cannot be imposed on whole market.

2. The study is confined to 1 year only and hence the changes taken place before and after these periods have not been taken into considerations.

3. The factors considered for the study is minimum and hence the result cannot be finalised considering by these factors alone.

Chapter-II

RESEARCH METHODOLOGY

CHAPTER-2

RESEARCH METHODOLOGY

2. RESEARCH METHODOLOGY

According to Clifford woody, research comprises defining, and redefining the problems, formulating the hypothesis, or suggested solution, collections, organising and evaluating the data, making the deductions and reaching conclusions and at last testing the conclusion to determine whether they fit the formulating the hypothesis.

2.1. RESEARCH DESIGN

A research design is the arrangement of conditions for collection and analysis of the data in a manner that aims of combine relevance to the research purpose with the economy in procedure.

The research design here is ANALYTICAL RESEARCH, on the other hand, the researcher has to use facts or information already available and analyse these to make a critical evaluation of material.

2.2. DATA COLLECTION METHOD

Secondary data collection method was used to collect various data pertaining to the study. The secondary data was obtained in the form of share price of the companies and the NIFTY price for the Year 2007 to 2008 from the websites

2.3 SOURCES OF DATA COLLECTION

Period of study: The evaluation of the market reaction to the stock was for a period of one year

Sources of data: For the purpose of analyzing the market reaction to the stock split of the sample of companies the study relied on the secondary data available in an authorised

The data relating to the stock price (only closing price), volume traded where collected from the NSE data base.

2.4 SAMPLE DESIGN

The total companies listed in NSE is 1381, in this companies around 42 companies had split their share in the financial year 2007-2008 this is the population of the study. Among the share split companies five companies have been selected based on market capitalisation as 31.12.2007. These samples have been selected using judgement sampling technique. The share price of the companies taken for the study from announcement period to actual split and +30 days from the actual period.

2.5. VARIALBLES USED FOR THE STUDY

1. Net income
2. Profit Before Tax
3. Profit After Tax.
4. Earnings Per Share

2.6. SCOPE OF THE STUDY

1. The five companies have selected for the whole population

2. The companies are selected from NSE scrip and price of the share taken from NSE.

3. The four variables taken for analyses of quarterly results and the correction factor analyses used for price behaviour.

4. The study concentrated only 2007-08 financial year, for the sample selection.

2.7. FACT SHEET

Name of the company	GMR infrastructure Ltd
Age (Years)	12
Head Quarters	Bangaluru
Debt Equity Ratio	89:11
Products	Energy, Airports construction, Highway construction, Urban Infrastructure.

Name of the company	Suzlon Energy Ltd
Age (Years)	13
Head Quarters	Pune
Debt Equity Ratio	62:38
Products	Wind Turbines

Name of the company	Jindal Steels and Power
Age (Years)	12
Head Quarters	New Delhi
Debt Equity Ratio	49:51
Products	Steel plates, Parallel Flange Sections, Steel Power, Sponge Iron, Ferro Chrome, Heavy Machinery

Name of the company	JayPrakash Associates Ltd
Age (Years)	28
Head Quarters	Noida
Debt Equity Ratio	67:33
Products	Construction, Power, Cement, Hospitality, Real-estate

Name of the company	ABB India Ltd (Subsidiary of ABB of Switzerland)
Age (Years)	20
Head Quarters	Bangaluru
Debt Equity Ratio	99.93:062
Products	Cables & Cable Accessories, Control Systems , Force Measurement High Voltage Products Systems, Insulation Components Motors and Generators , Power Protection & Automation Products

Chapter-III

MICRO-MACRO ECONOMIC ANALYSES

CHAPTER 3

MICRO AND MACRO ANALYSIS

MICRO ANALYSIS

The Indian financial sector is on a roll. Driven by a strong investor interest and an expanding market, the industry is also becoming more vibrant, with new types of products and services being offered to meet the needs of the booming economy.

The buoyancy in the economy is estimated to lead to a four-fold increase in India's investable wealth from US$ 250 billion in 2007 to US$ 1 trillion by 2012. Simultaneously, according to a report by Celent, an international consultancy firm, India's wealth management segment will rise to an estimated 42 million households by 2012 from about 13 million households in 2007.

Clearly, there is huge potential in this segment. Significantly, wealth management revenues are expected to account for 32-37 per cent of the total full-service financial institutions by 2012. The market is also expected to undergo a structural transformation with organised players increasing their market share.

The attractiveness of India in the global financial market is also reflected in the Indian cities - Mumbai, New Delhi and Bangalore - finding a place of pride in the list of the world's top 75 commercial centres, as per the 2008 'Mastercard Worldwide Centres of Commerce Index'.

STOCK MARKETS

The year 2007 saw Indian stock markets scaling new peaks, with the popular sensex crossing 21,000 and Nifty crossing the 6,000 mark for the first time. It was the third

Bombay Stock Exchange (BSE) benchmark index, Sensex, posted its highest ever absolute gain of 6500 points in over two decades.

This performance of Indian stock markets has led to the total investor wealth of Bombay Stock Exchange (BSE) surging to a record high of over US$ 1.7 trillion, with an average increase of over US$ 10.18 million in every minute of trading during 2007. At the end of 2006, the total market capitalisation stood at US$ 812 billion.

Simultaneously, the National Stock Exchange (NSE) has climbed to the top spot in stock futures contracts and number-two slot in the index futures segment in the world.

According to Ernst & Young, India was also the fifth largest market in terms of number of IPOs and seventh largest in terms of the proceeds for the year. Indian companies raised a whopping US$ 11.48 billion through public issues in 2007, which is 83 per cent higher than US$ 6.28 billion mobilised in 2006.

The robust performance of the Indian stock markets can also be seen in the huge increase in the funds mobilised by the corporate India. During 2007-08, India Inc mobilised a whopping US$ 8.13 billion through issue of shares on rights issue, which is almost an eight-fold increase over US$ 926.32 million raised in 2006-07. In fact, the mobilisation of the funds in 2007-08 was more than the combined mobilisation of the preceding 12 years.

The flurry of fund raising activity by the companies on the Indian stock exchange has continued in 2008. Fund raising by India Inc through IPOs rose by a whopping 62 per cent since the beginning of 2008 to 29 May, 2008 to US$ 4.2 billion, against US$ 2.6 billion during the same period in 2006, according to global deal data provider Dealogic. Significantly, fund mobilisation during the first quarter of 2008 is the second highest for a quarter in the Indian capital's history.

PRIVATE EQUITY

The year 2007 was a watershed for private equity market, which has emerged as the most preferred mode of fund nobilisation for India Inc. The capital mobilised through this route was higher than the funds mobilised through IPOs, follow-on issues and qualified institutional placements put together.

India, in fact, topped the Asia private equity chart for the first time in 2007 in terms of aggregate deal value. According to Grant Thornton, a total of US$ 17.14 billion was mobilised through 386 deals by India Inc in 2007, compared to US$ 7.8 billion in 2006. Real estate, infrastructure, banking and financial services were the dominant sectors attracting about 55 per cent of the total private equity investments.

The growth continues apace in 2008. The total number of PE deals during the first five months of 2008 stood at 170, with an announced value of US$ 6.39 billion as against 159 deals amounting to US$ 4.97 billion during the corresponding period in 2007. India is among the top 10 countries in terms of value of private equity deals across the world, as per the global deal tracking firm Zephyr.

MUTUAL FUNDS

India is also one of the fastest growing markets for mutual funds industry attracting a host of global players. The combination of increasing number of fund houses (along with new schemes) and increase in the number of people parking their savings in mutual funds has resulted in total funds mobilisation, increasing at a whopping 124.93 per cent during 2007-08 to stand at US$ 1.11 trillion as against US$ 485.13 billion in 2006-07.

The average assets under management (AUM) of the mutual fund industry for March 2008 stood at US$ 134.76 billion as against US$ 89.86 billion at the end of 2006, With accelerating investor interest shown in mutual fund segment, the number of investor folios of the MFs increased to 43.7 million at the end of March 2008, from 27.9 million at the end of January 2007 (a growth rate of 54 per cent). Simultaneously, there has been an increase in the number of distributors to 72,108 (excluding 107 banks) till March 2008 from 54,000 in January 2007.

The growth momentum of the mutual fund industry continues in the new fiscal year (2008-09). Fund mobilisation has increased by a whopping 77.4 per cent to US$ 327.93 billion during April-June 2008, compared to US$ 184.81 billion in April-June 2007. Consequently, average AUM of the mutual fund industry has increased to US$ 132.33 billion for June 2008, against US$ 99.86 billion in the corresponding period in 2007.

Looking ahead, the Indian mutual funds market is estimated to grow at a compounded annual growth rate (CAGR) of 18 per cent in the next five years, with the country's mutual funds assets expected to more than double to US$ 298.73 billion by 2012, according to a report by US-based financial services research and consulting firm Cerulli Associates. Consequently, there would be an entry of about 15 new fund houses, in addition to the 33 fund houses already in operation by the end of 2007.

BANKING

The burgeoning economy, surging foreign investment, financial sector reforms and a favourable demographic profile has led to the Indian banking industry emerging as one of the fastest growing in the world. The industry's business grew at a CAGR of 20 per cent from US$ 471.11 billion as of March 2002 to US$ 1175.61 billion by March 2007. Significantly, the newly licensed private sector business has grown almost twice (1.75 times) as that of banking industry as a whole, leading to their share in total banking business increasing from 9 per cent in 2001-02 to 16 per cent in 2006-07.

The growth has continued with the total banking business (aggregate deposits + bank credit) growing to US$ 1326.88 billion. While the aggregate deposits of all scheduled banks in India grew by 22.18 per cent to US$ 763.22 billion, total bank credit rose by 21.06 per cent to US$ 563.22 billion.

This boom in the banking industry has propelled nine Indian banks to the list of top 50 Asian Banks, as per this year's Asian Banker 300 report. Similarly, seven Indian microfinance institutions find place in Forbes list of World's Top 50 Microfinance Institutions.

Despite such impressive performance, the potential for further growth is huge considering the fact that India has second largest financially excluded households (about 135 million) in the world. In fact, according to Boston Consulting Group, India is the fastest growing incremental revenue pool in the world.

INSURANCE

The liberalisation of the rules for the entry of domestic and foreign players has had a favourable impact on this sector, leading to premium collections growing by 19.9 per cent in 2006-07, compared to the world average of 2.9 per cent. Consequently, India became the 15th largest insurance market from 19th in 2005.

India has also increased its share in the world life insurance business from 1.68 per cent in 2006 to 1.97 per cent in 2007, with US$ 47.1 billion premium collections in 2007 as against US$ 37.22 billion in 2006.

This growth looks particularly impressive when seen against the fact that the combined penetration of both life and non-life is less than 2 per cent of the GDP compared to world average of 7.52 per cent. Clearly, the scope for growth is enormous.

And with increasing per capita income, insurance penetration and entry of new around US$ 12.72 billion in 2007. Significantly, private players are likely to see a growth rate of 140 per cent during this period. At present, 26 per cent FDI is allowed in the insurance sector and the limit is proposed to be increased to 49 per cent soon. The general industry consists of 14 players. The 14 non-life players consistently grew business by 12.6 per cent to collect US$ 6.65 billion in fresh premium in 2007-08 as against US$ 5.89 billion in 2006-07. A new player, Shriram General Insurance Company Limited, has also made its debut this year and some more players are also expected to enter the general insurance market.

DEBT MARKET

While the Indian financial sector was dominated by the stellar performance of the stock markets, the Indian debt market had its own share of excitement. India Inc increased its collections through the debt market by as much as 53.84 per cent to US$ 20 billion in 2007 from US$ 13 billion in 2006.

According to a report by Goldman Sachs, with insurance, mutual funds and pension sector experiencing rapid growth, India's debt market is estimated to grow four-fold, from about US$ 400 billion (45 per cent of GDP) in 2006 to about US$ 1.5 trillion (about 55 per cent of GDP) by 2016.

Significantly, the non-government sector is expected to grow from US$ 100 billion in 2006 to US$ 575 billion in 2016, increasing its share in GDP from 10 per cent to 22 per cent.

MACRO ANALYSIS

INTERNATIONAL FINANCIAL SERVICES SECTOR

The term 'international financial services' is an umbrella term which is typically used to describe the three areas of banking and capital markets, investment management and insurance. The following are a summary of the principal components of each of these areas and some of the key industry enablers.

BANKING & CAPITAL MARKETS

- Structured finance
- Corporate finance
- Investment banking
- Securitisation
- Treasury
- Leasing

INVESTMENT MANAGEMENT

- Discretionary Fund Management
- Non - Discretionary Fund Management
- Fund Servicing
- Trustee& Custodian Servicing
- Transfer Agency Services
- Asset Management

INSURANCE

- Life
- Captive
- Non life
- Reinsurance

INDUSTRY ENABLERS

- Regulator
- Stock Exchanges

PROFESSIONAL SERVICES

- Accountancy
- 'Legal & tax
- Business / consultancy

SECTOR OVERVIEW – INVESTMENT BANKING AND CAPITAL MARKETS

Investment banking and capital market activities is the term used to describe trading debt, equities, fixed income, funds, foreign exchange, commodity and derivative instruments and the origination of equity finance.

1. Total value of global assets managed on behalf of investors increased to reach $88.3 trillion in 2007;
2. The value of professionally managed assets across the top 28 national markets grew by 15 percent to $49.1 trillion in 2007
3. The stock of shares and public and private debt securities held in America grew from 2.4 times GDP in 1995 to 3.3 times GDP in 2006. These figures do not include derivatives, notional amounts traded privately or over-the-counter (OTC) securities which have grown from $258 trillion in 2004 to $370 trillion in 2007.

All of the above indicators point to an industry which is experiencing strong rates of growth. International financial services have become a key driver of growth for several advanced economies, contributing significantly to GDP and overall employment. In the US for example, the financial services sector is the third largest contributor to GDP at 8 percent and has averaged an annual growth rate of 5 percent over the past decade9. In the UK, the financial services sector contributes 6 percent to GDP and employs 4 percent of the national workforce..

SECTOR OVERVIEW – INVESTMENT MANAGEMENT

The total assets managed by the world's 500 largest asset managers increased by 10 percent in 2005 to reach $53.6 trillion14. The largest European based managers have continued to increase their share of assets under management accounting for half of the top 20 fund managers and 57 percent of the assets, an increase of 5 percent on 2004.

The European investment fund market has continued to show strong growth rates with total net assets in Q1 2007 in excess of €7,574 billion17. Ireland and Luxembourg have experienced exceptional rates of growth as many of the larger investment management companies have selected either of these locations as part of a migration to a single-hub strategy. While European funds have grown at a rate of 11 percent over the past five years, Ireland has experienced a Compound Annual Growth Rate (CAGR) of 32 percent. Ireland and Luxembourg accounted for €285 billion of net flows in 2006, equating to 89 percent of total. European subscriptions19. Luxembourg still dominates overall funds flows but Ireland has established a lead in the money market sector.

SECTOR OVERVIEW – INSURANCE

Worldwide insurance premiums reached $3,726 billion in 2006 with year-on-year growth in total premium volume of 5 percent (adjusted for inflation)22. The main driver of growth was the life sector which showed an annual increase of 7.7 percent, whereas the non-life sector grew by a more modest 1.5 percent23. Growth in premiums was driven mainly by emerging markets which increased by 16 percent, whereas the more mature industrialised countries experienced a growth rate of 4 percent.

European insurance markets grew by 4.8 percent in 2006 with premium income exceeding the €1 trillion mark to reach €1.065 trillion24. Life premiums continue to account for the majority of income at €659 billion, representing an annual growth rate of 4.4 percent.

Product innovations in the areas of occupational pensions and unit-linked products with capital guarantees have proven to be key drivers of this growth. The European non-life sector experienced growth of 5.3 percent in 2006, however, a significant proportion of this growth was attributable to the privatisation of the health system.

Chapter-IV

DATA ANALYSIS AND INTERPRETATION

CHAPTER – 4

DATA ANALYSIS AND INTREPRETATION

3. ANALYSIS OF THE QUARTERLY RESULTS

The quarterly results of following five companies were selected for the analysis of their influence over the fluctuations in the share prices

1. GMR INFRASTRUCTURE
2. SUZLON ENERGY
3. JINDAL STEELS & POWERS
4. JAIPRAKASH ASSOCIATES
5. ABB INDIA LTD

The quarterly results considered for the analysis was for the financial year 2007-2008 which are indicated follows.

G_1 The percentage growth of the current quarter to its corresponding quarter in previous year.

G_2 The percentage growth of the current quarter to its corresponding next quarter.

Depending upon the notations G_1 and G_2 following tables were constructed for further analysis. Then the factors like announcement date of share prices, maximum value, and minimum value of the share price about 30 trading days (15 days before announcement date and 15 days after announcement date) and the dates of maximum and minimum values are taken for analysis.

3.1. GMR INFRASSTRUCTURE LTD

Table 3.1 Analysis of Quarterly Results

GMR INFRA	QUARTER	
	G1 (%)	G2 (%)
N.I	29.45	6.42
PBT	10.43	22.28
PAT	1.77	10.22
EPS	(17.12)	(11.6)

N.I = Net Income

PBT = Profit Before Tax

PAT = Profit After Tax

EPS = Earnings Per Share

Table 3.2

2007-2008	QUARTER
A.D	31.08.2007
NI(MN)	1673.6
PBT(MN)	875
NP(MN)	718.5
EPS	1.5
MEAN	803.1313
S.D	98.633
MAX.V	960.3
D.MAX	23.07.2007
DAYS FROM A.D (1)	(39)
MIN. V*	173.95
D.MIX	28.09.2007
DAYS FROM A.D(2)	28

A.D = Announcement Date

S.D = Standard Deviation

MAX.V = Maximum Value

D.MAX.V = Date of Maximum Value

MIN.V = Minimum Value

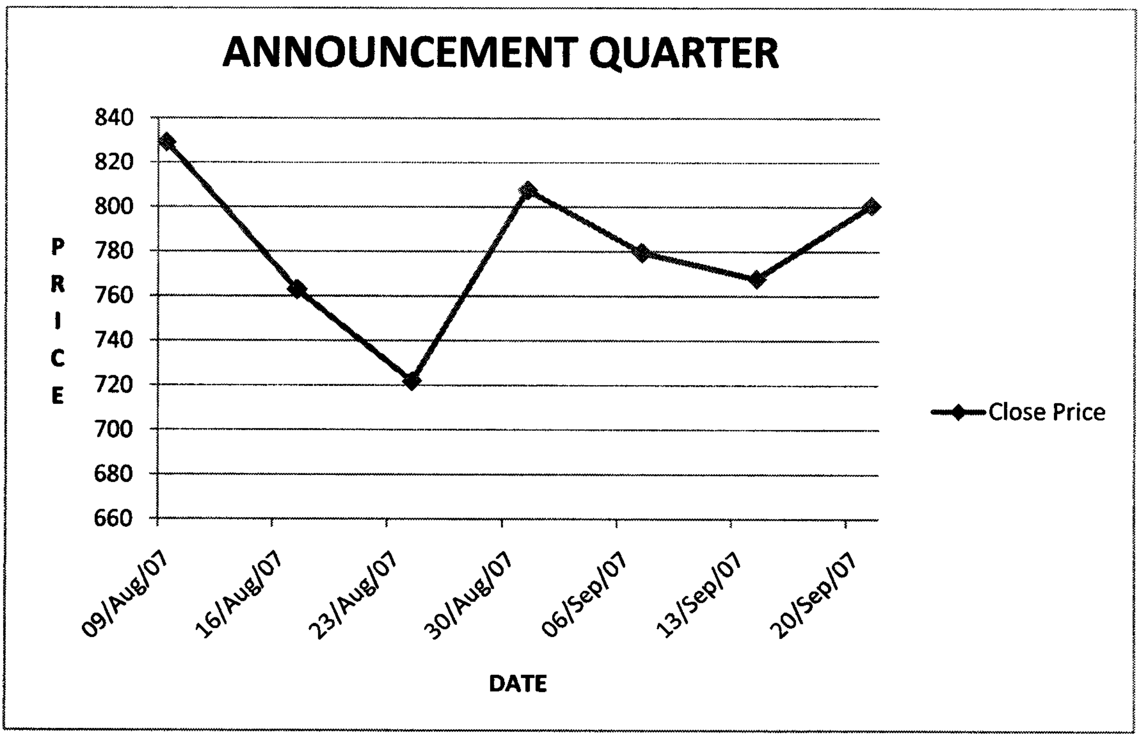
D.MIN.V = Date of Minimum Value

DAYS FROM A.D (1&2)= Days obtained to reach Maximum Value and Minimum Value respectively with reference from Announcement date

N.P = Net Profit

The following charts indicate the share price behaviours in period of announcement quarter.

Charts 3.1



The following charts indicates the share price behaviours after announcement and actual in period of announcement quarter

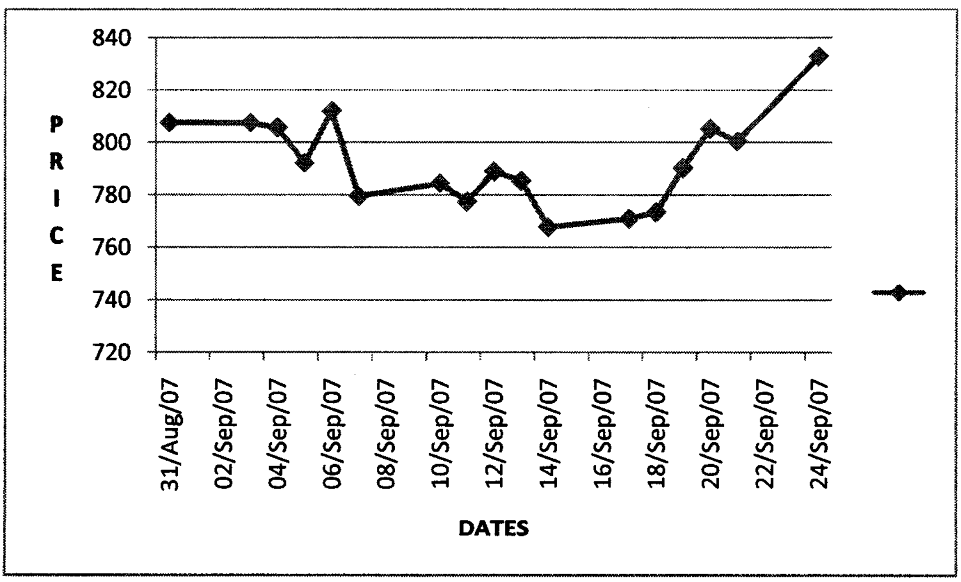
CORRECTION FACTOR ANALYSES

Between Announcement and Actual Split date (31.08.2007 – 28.09.2007)

Table 3.3 Correction Factor Analyse

Parameter	Reaction	Correction
Trend	Downward	Upward
Value(Rs)	15	19
Percentage of change	1.858	2.398
No. Of Days Taken	3	1

Charts 3.2 Correction Factor Analyse

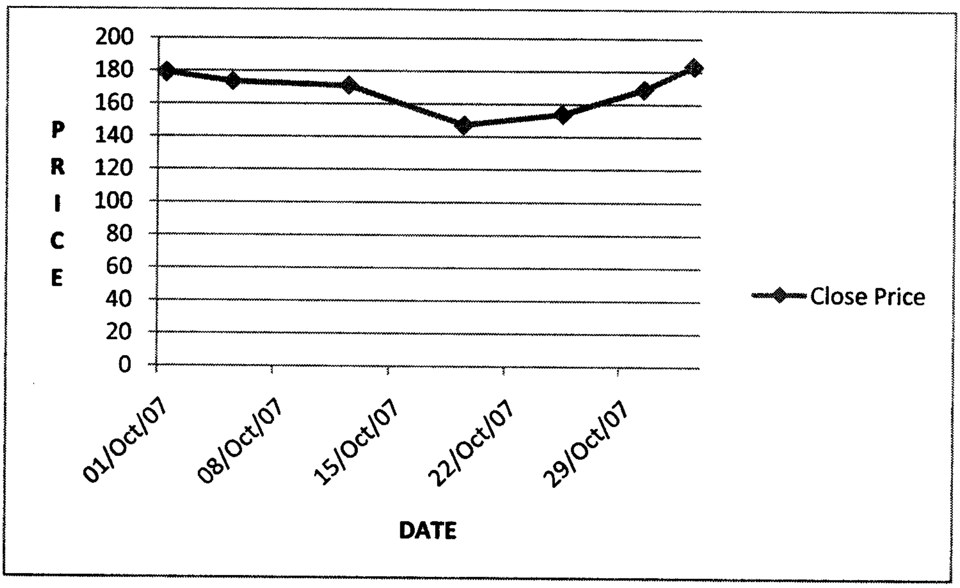


Between Announcement and Actual Split date (01.10.2007 – 13.06.2008)

Table 3.4 Correction Factor Analyse

Parameter	Reaction	Correction
Trend	Downward	Upward
Value(Rs)	31	31
Percentage of change	17.41	21.08
No. Of Days Taken	22	11

Charts 3.3 Correction Factor Analyses



INTERPRETATION

GMR Infrastructure is one of the construction company in India. It has around 486,421,493 shares .

Analyzing the share price fluctuations of GMR Infrastructure during the corporate announcement for the financial quarter (Q2 of 2007-2008),it is clearly visible that the market have been reacted according to the announcement period and this can also stated in

The quarterly result has made a significant impact in the share prices. Depending upon the results of this quarterly result, the markets have also reacted.

Let us take the announcement quarter (Q2-2007-2008) which was announced on 31-08-2007 in which GMR infra registered the Net Income (NI) of Rs 1673.6 million for the second quarter ended 30th September 2007 regarding the increasing of 29.45% over the corresponding the previous year same quarter (Q2-2006-2007) , the next quarter (Q3- 2007-2008) of the announcement quarter increased 6.42% over the announcement quarter. The profit before Tax exceptional item (PBT) at Rs. 875 million increased by10.43% over the corresponding quarter of the previous year (Q2-2006-2007), also PBT increased at Rs.1075.55 million next quarter by 22.28% over corresponding with the announcement quarter (Q2 2007-2008). Similarly Profit before Tax (PAT) increased 1.77% over the corresponding quarter of the previous year, also PAT increased at Rs.800.3 million in the next quarter compared with the announcement quarter. The last and most important factor is Earning per share (EPS) at Rs. 1.50 decreased by 17.12% over corresponding previous year (Q2-2006-2007) and decreased by 11.31 % over the next quarter. The maximum value was recorded Rs.960.3 on 23-07-2007 which was 39 days before the announcement date. Similarly the minimum value was Rs.173.95 recorded on 28-09-2007 which was 28 days after the announcement date , this indication s indicate how the market was reacted to the corporate announcement.

The next factor is correction factor which analyse the market reaction after the announcement date and the actual period. The correction factor between the announcement date and the actual split around Rs.15 or 1.88% of price went down, it took 3 days and the got increased Rs.19 around 2.398% which took one day to achieve the correction from that market reacted less actively. Then the correction factor between after the actual split initially got decreased Rs.31 around 17.41% it took 22 days to achieve this price level, from that the market take little long time to react the action of split and also more variation.

INFERENCE

Comparing with the respective corresponding previous year quarter GMR Infrastructure has attained double digit growth. But the next quarter after the announcement quarters less compare to the previous year quarter. Depending upon the variables of respective quarters minimum and maximum value have been obtained, from that market has been fluctuate highly. The benefit for the share holders EPS is very less in the corresponding previous year quarter and the next quarter of the announcement quarter. Although the market react after the announcement and after the actual split.

3.2. SUZLON ENERGY LTD

Table 3.5 Analysis of Quarterly Results

SUZLON ENERGY	QUARTER	
	G1 (%)	G2 (%)
N.I	49.6	65.9
PBT	93.56	66.15
PAT	92.14	42.60
EPS	91.8	37.06

N.I = Net Income

PBT = Profit Before Tax

EPS = Earnings Per Share

Table 3.6

2007-2008	QUARTER
A.D	27.12.2007
NI(MN)	461.39
PBT(MN)	230.16
NP(MN)	142.82
EPS	1.05
MEAN	1866.995
S.D	135.0862
MAX.V	2095.15
D.MAX.V	19.11.2007
DAYS FROM A.D	(38)
MIN.V	1473.65
D.MIX	01.10.2007
DAYS FROM A.D	(88)

A.D = Announcement Date

S.D = Standard Deviation

D.MAX.V = Date of Maximum Value

MIN.V = Minimum Value

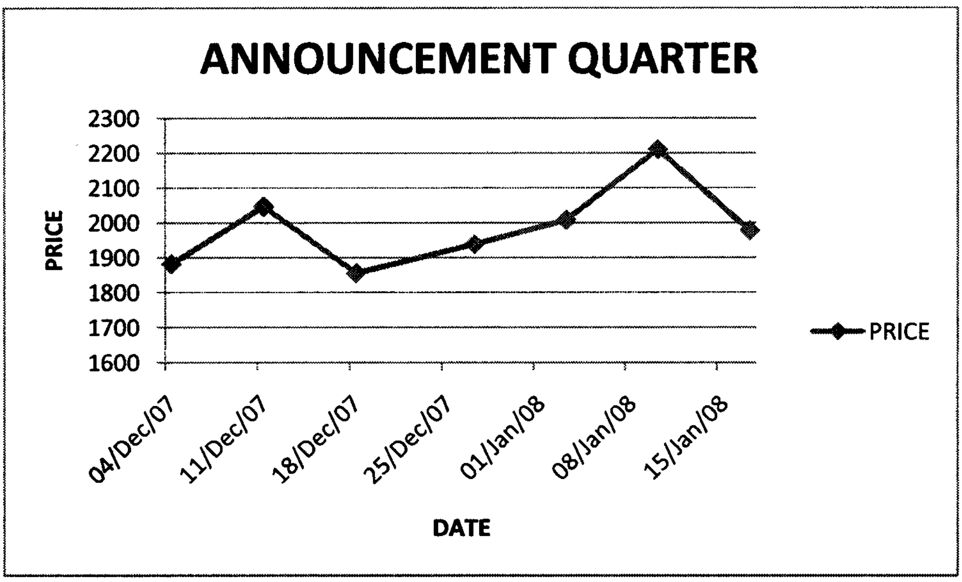
D.MIN.V = Date of Minimum Value

DAYS FROM A.D (1&2)= Days obtained to reach Maximum Value and Minimum Value respectively with reference from Announcement date

N.P= Net Profit

The following charts indicate the share price behaviours in period of announcement quarter.

Charts 3.4



The following charts indicates the share price behaviours after announcement and actual in period of announcement quarter

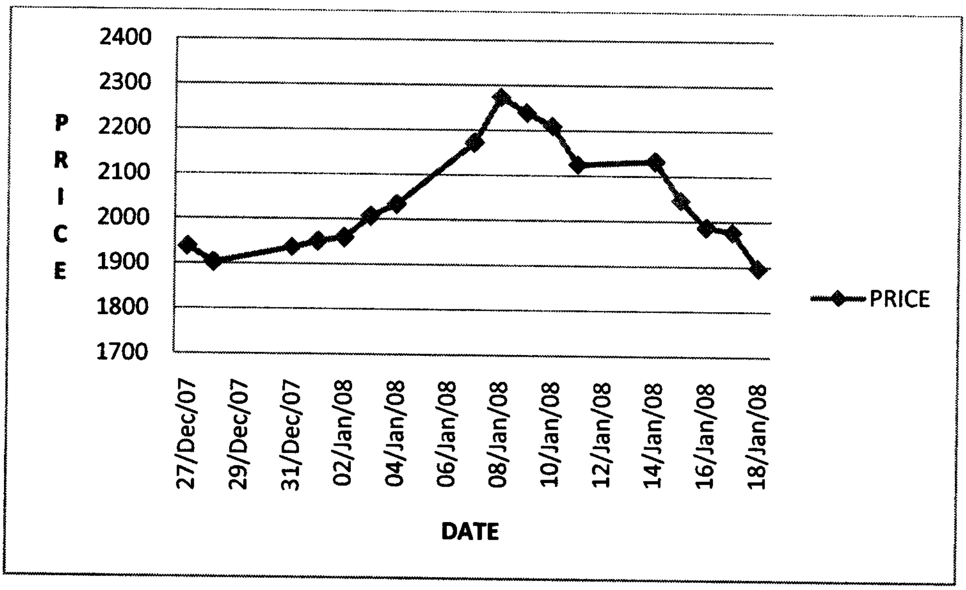
CORRECTION FACTOR ANALYSES

Between Announcement and Actual Split date (27.12.2007 – 21.01.2008)

Table 3.7 Correction Factor Analyses

Parameter	Reaction	Correction
Trend	Upward	Downward
Value(Rs)	335	377
Percentage of change	17.28	14.82
No. Of Days Taken	11	10

Chart 3.5

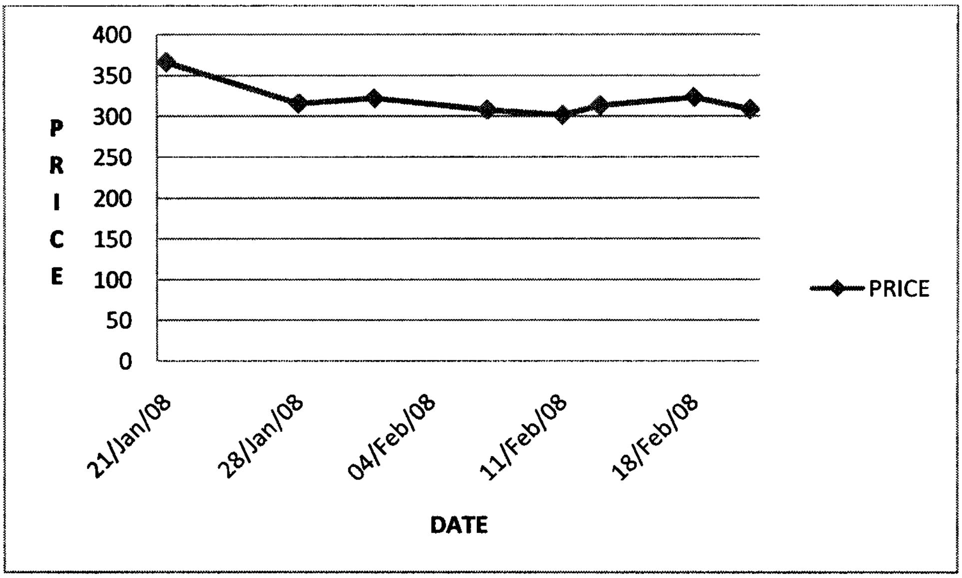


Between Announcement and Actual Split date (21.01.2008 – 22.02.2008)

Table 3.8 Correction Factor Analyse

Parameter	Reaction	Correction
Trend	Downward	Upward
Value(Rs)	51	27
Percentage of change	13.93	8.82
No. Of Days Taken	8	1

Charts 3.6



INTERPRETATION

Suzlon Energy is the largest wind turbine maker in India. It has around 510,338,900 shares .

Analyzing the share price fluctuations of Suzlon Energy during the corporate announcement for the financial quarter (Q3 of 2007-2008),it is clearly visible that the market have been reacted according to the announcement period and this can also stated in the following examples.

The quarterly result has made a significant impact in the share prices. Depending upon the results of these quarterly results, the market has also reacted.

Let us take the announcement quarter (Q3-2007-2008) which was announced on 27-12-2007 in which Suzlon registered the Net Income (NI) of Rs 461.39 million for the second quarter ended 31th December 2007 regarding the increasing of 49.6% over the corresponding the previous year same quarter (Q3-2006-2007), the next quarter (Q4- 2007-2008) of the announcement quarter increased 65.9% over the announcement quarter. The profit before Tax exceptional item (PBT) increased by 93.56% over the corresponding quarter of the previous year (Q3-2006-2007), also PBT increased next quarter by 66.15% over corresponding with the announcement quarter (Q4 2007-2008). Similarly Profit before Tax (PAT) increased 92.14% over the corresponding quarter of the previous year, also PAT increased 42.60% in the next quarter compared with the announcement quarter. The last and most important factor is Earning per share (EPS) decreased by 91.8% over corresponding previous year (Q3-2006-2007) and increased by 37.06 % over the next quarter. The maximum value was recorded Rs.2095.15 on 19-11-2007 which was 38 days before the announcement date. Similarly the minimum value was Rs1473.65 recorded on 01-10-2007 which was 88 days before the announcement date, this indication s indicate how the market was reacted to the corporate announcement.

The next factor is correction factor which analyse the market reaction after the announcement date and the actual period. The correction factor between the announcement date and the actual split around Rs.335 or 17.28% of price upward, it took 11 days and they got decreased Rs.377 around 14.82% which took one day to achieve the correction from that market reacted actively. Then the correction factor between after the actual split initially got decreased Rs.51 around 13.93% it took 8 days to achieve this price level, from that the market take little long time to react the action of split and also more variation.

INFERENCE

Comparing with their respective corresponding previous year quarter the net income hugely increased it's good sign for growth and the next quarter after the announcement quarter also has a good growth. The other variables like PBT, PAT are have a good sign for growth. As far as the EPS is concern the compare with the previous quarter is very less but the next quarter has raised very high growth. The market has highly fluctuated because the difference between the maximum and minimum value is high. Although the market reacts quickly still the scrip value of Suzlon Energy keeps on increasing steadily because of the profitable variables. The market reacted quietly after the announcement.

3.3. JINDAL STEELS LTD

Table 3.9 Analysis of Quarterly Results

JINDAL STEELS	QUARTERS	
	G1 (%)	G2(%)
N.S	38	8.36
PBT	32.986	14.72
PAT	68	18.26
EPS	68	18.26

N.S = Net SALES

PBT = Profit Before Tax

PAT = Profit After Tax

EPS = Earnings Per Share

Table 3.10

2007-2008	QUARTER
A.D	21.11.2007
N.SALEA (Cr)	1395.61
PBT (Cr)	375.40
NP (Cr)	319.05
EPS	20.72
MEAN	11168.81
S.D	3267.11
MAX.V	16271.15
D.MAX.V	12.12.2007
DAYS FROM A.D	21
MIN.V*	5179.5
D.MIX	01.10.2007
DAYS FROM A.D	(51)

*After actual split

A.D = Announcement Date

MAX.V = Maximum Value

D.MAX.V = Date of Maximum Value

MIN.V = Minimum Value

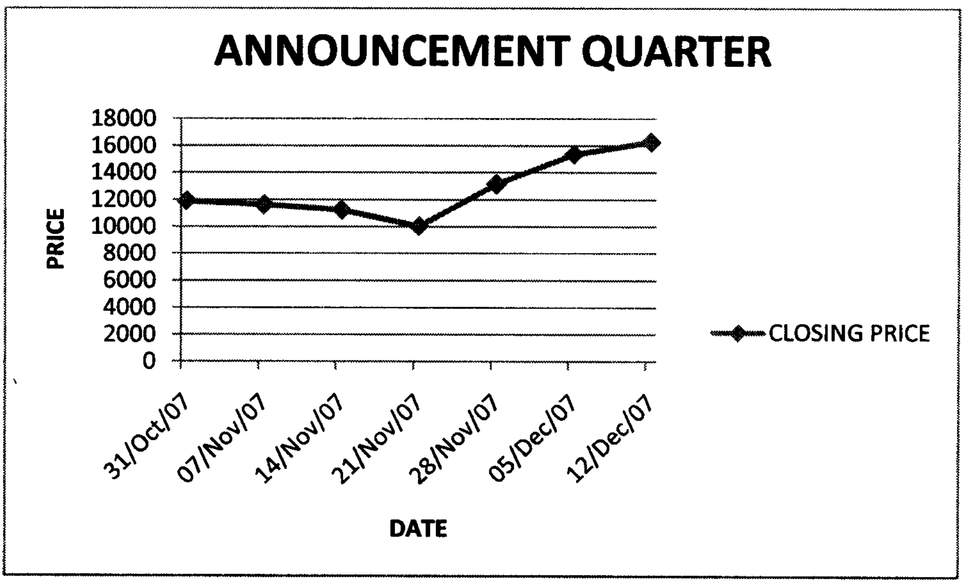
D.MIN.V = Date of Minimum Value

DAYS FROM A.D (1&2) = Days obtained to reach Maximum Value and Minimum Value respectively with reference from Announcement date

N.P = Net Profit

The following charts indicate the share price behaviours in period of announcement quarter.

Chart 3.7



CORRECTION FACTOR ANALYSES

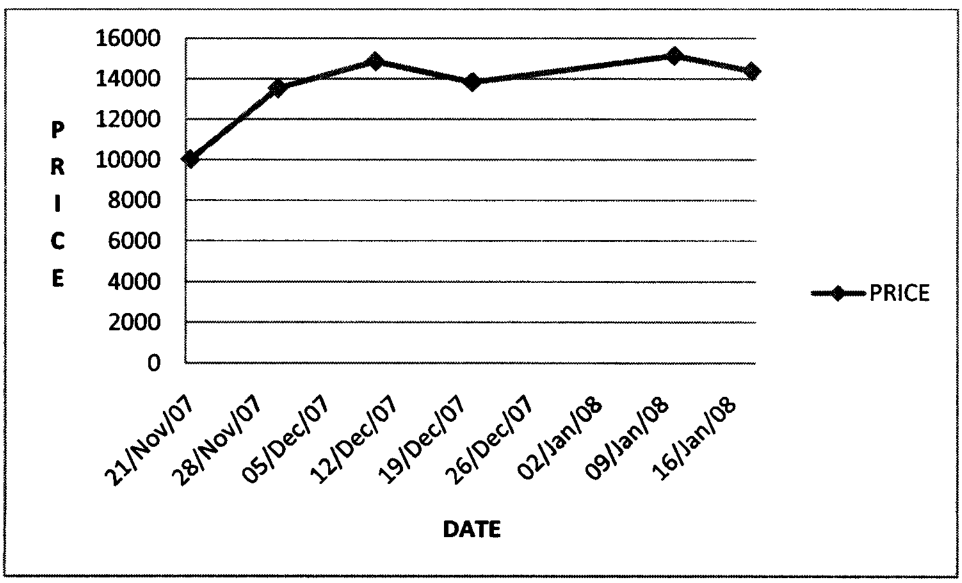
The following charts indicates the share price behaviours after announcement and actual in period of announcement quarter analyses.

Between Announcement and Actual Split date (21.11.2007 – 18.01.2008)

Table 3.11 Correction Factor Analyses

Parameter	Reaction	Correction
Trend	Downward	upward
Value(Rs)	5485	656
Percentage of change	54.7	4.23
No. Of Days Taken	15	6

Chart 3.8 Correction Factor Analyses

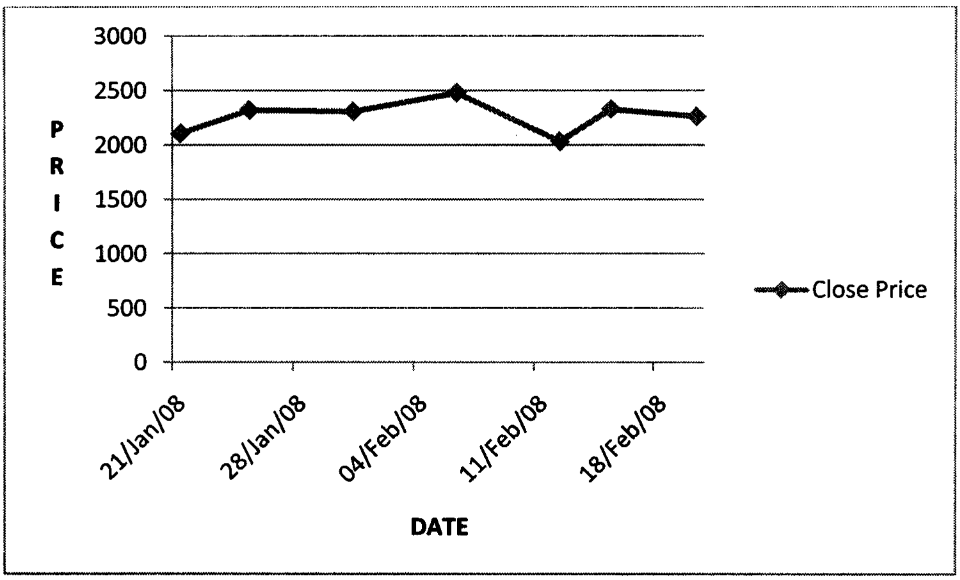


Between Announcement and Actual Split date (18.01.2008 –18.02.2008)

Table 3.12 Correction Factor Analyses

Parameter	Reaction	Correction
Trend	upward	Downward
Value(Rs)	498	588
Percentage of change	23.66	22.59
No. Of Days Taken	15	6

Chart 3.9 correction factor



INTERPRETATION

Jindal Steels is one of the largest steel company in India. It has around 6,33,34,225 shares .

Analyzing the share price fluctuations of Jindal Steels during the corporate announcement for the financial quarter (Q3 of 2007-2008),it is clearly visible that the market have been reacted according to the announcement period and this can also stated in

The quarterly result has made a significant impact in the share prices. Depending upon the results of this quarterly result, the market has also reacted.

Let us take the announcement quarter (Q3-2007-2008) which was announced on 21-11-2007 in which Jindal steels registered the Net sales (NS) of Rs 1395 cr for the third quarter ended 31st December 2007 regarding the increasing of 38% over the corresponding the previous year same quarter (Q3-2006-2007), the next quarter (Q4- 2007-2008) of the announcement quarter increased 8.36% over the announcement quarter. The profit before Tax exceptional item (PBT) increased by 32.986% over the corresponding quarter of the previous year (Q3-2006-2007), also PBT increased next quarter by 14.72% over corresponding with the announcement quarter (Q4 2007-2008). Similarly Profit before Tax (PAT) increased 68% over the corresponding quarter of the previous year, also PAT increased 18.26% in the next quarter compared with the announcement quarter. The last and most important factor is earning per share (EPS) at Rs.20.72 increased by 20.66% over corresponding previous year (Q3-2006-2007) and increased by 18.26% over the next quarter. The maximum value was recorded Rs.16271.81 on 12-12-2007 which was 21 days after the announcement date. Similarly the minimum value was Rs.5179.5 recorded on 01-10-2007 which was 51 days before the announcement date, this indications indicate how the market was reacted to the corporate announcement.

The next factor is correction factor which analyse the market reaction after the announcement date and the actual period. The correction factor between the announcement date and the actual split around Rs.5485 or 54.7% of price increased, it took 15 days and the got decreased Rs.656 around 4.23% which took one day to achieve the correction from that market reacted high actively. Then the correction factor between after the actual split initially got decreased Rs.498 around 23.66% it took 15 days to achieve this price level, from that the market take little long time to react the action of split and also more variation.

INFERENCE

Comparing with their respective corresponding previous year quarter the net sales hugely increased it's good sign for growth and the next quarter after the announcement quarter also has a less growth. The PAT, PBT are have a good growth in previous year and the next quarter. The EPS for the two quarters are very good growth. The market has highly fluctuate because the difference between the minimum and maximum is very high . Although the market reacts quickly still the scrip value of Jindal Steels keeps on increasing steadily because of the profitable variables. The market has highly reacted, the situation useful to short term gain.

3.4. JAIPRAKASH ASSOCIATES LTD

Table 3.13 Analysis of Quarterly Results

JAIPRAKASH ASSOCIATES	QUARTER	
	G1 (%)	G2 (%)
N.S	(O.2)	44
PBT	18.97	56.41
PAT	34.6	34.61
EPS	32.8	33.58

N.S = Net Sales

PBT = Profit Before Tax

PAT = Profit After Tax

EPS = Earnings Per Share

Table 3.14

2007-2008	QUARTER
A.D	15.10.2007
N.SALES (Cr)	900
PBT(Cr)	195
NP(Cr)	156
EPS	1.40
MEAN	1352.37
S.D	476.5
MAX.V	2156.6
D.MAX.V	14.12.2007
DAYS FROM A.D	59
MIN.V*	379.5
D.MIX	18.12.2007
DAYS FROM A.D	63

* After actual split

A.D = Announcement Date

S.D = Standard Deviation

MAX.V = Maximum Value

D.MAX.V = Date of Maximum Value

MIN.V = Minimum Value

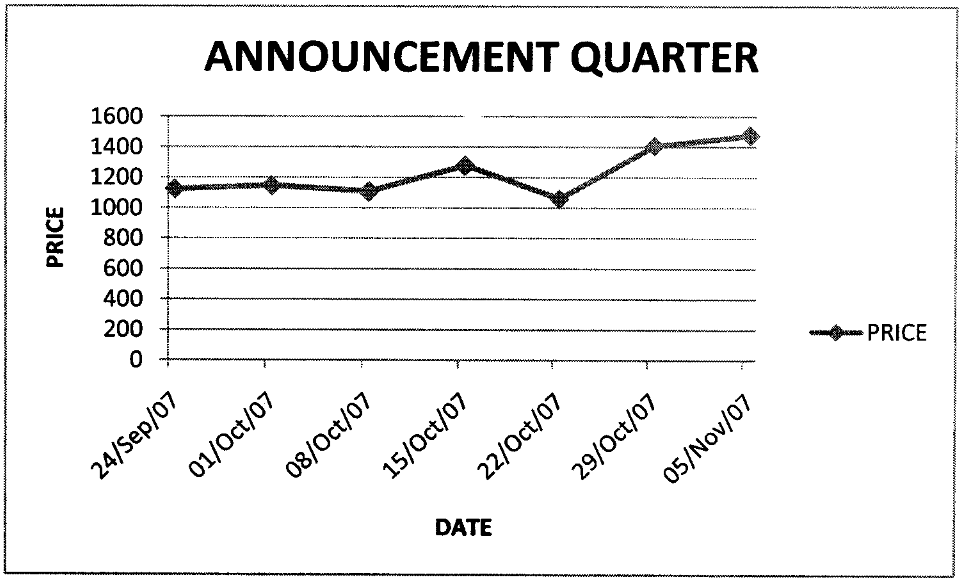
D.MIN.V = Date of Minimum Value

DAYS FROM A.D (1&2)= Days obtained to reach Maximum Value and Minimum Value respectively with reference from Announcement date

N.T = Net Profit

The following charts indicate the share price behaviours in period of announcement quarter.

Chart 3.10



CORRECTION FACTOR ANALYSE

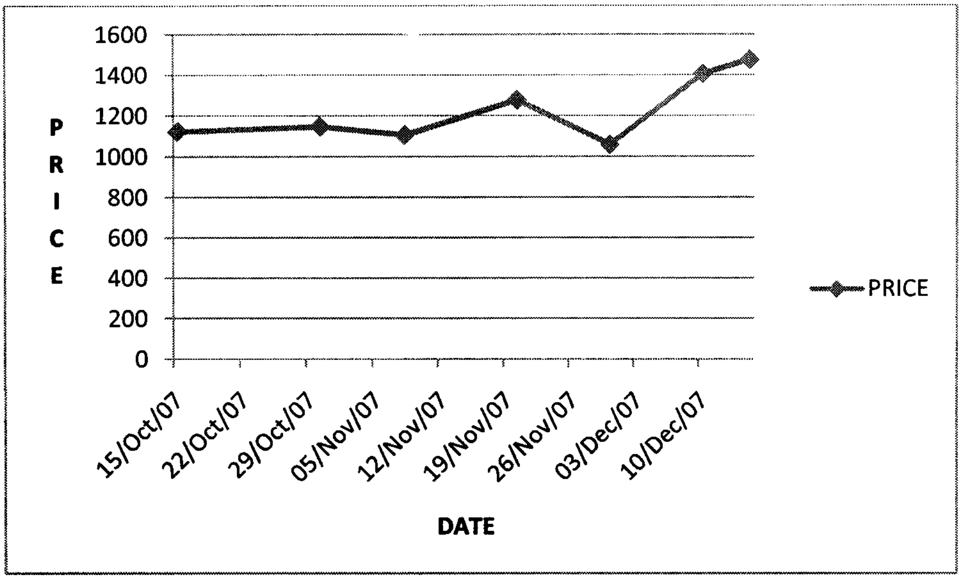
The following charts indicates the share price behaviours after announcement and actual in period of announcement quarter

Between Announcement and Actual Split date (15.10.2007 – 17.12.2007)

Table 3.15 Correction Factor Analyse

Parameter	Reaction	Correction
Trend	downward	upward
Value(Rs)	218	347
Percentage of change	17.08	32.79
No. Of Days Taken	10	11

Chart 3.11

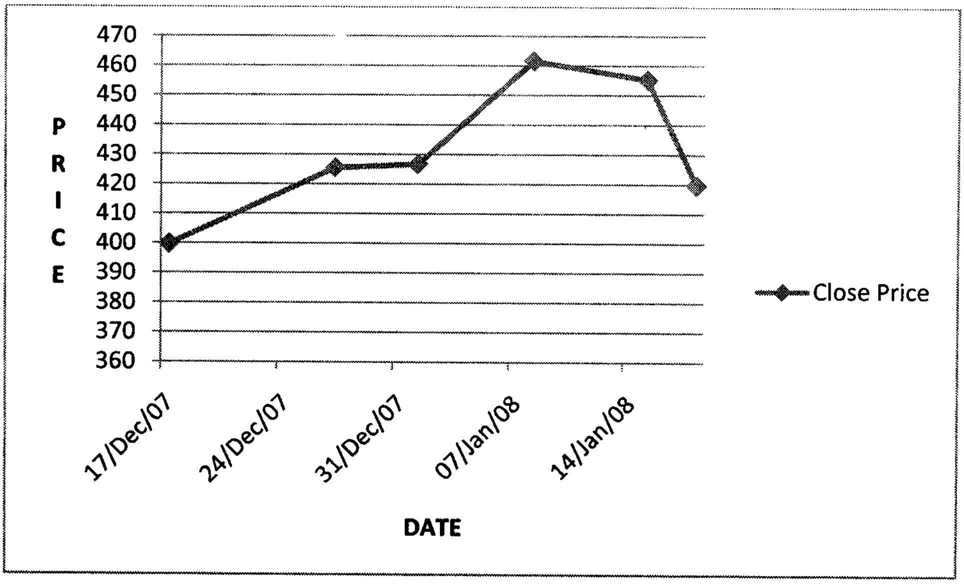


Between Announcement and Actual Split date (17.12.2007 – 18.01.2008)

Table 3.16 Correction Factor Analyse

Parameter	Reaction	Correction
Trend	Upward	Downward
Value(Rs)	60	42
Percentage of change	15	9.13
No. Of Days Taken	13	8

Chart 3.12



INTERPRETATION

Jaiprakash Associates is a big conglomerate in India. It has around 638,367,452 shares .

Analyzing the share price fluctuations of Jaiprakash Associates during the corporate announcement for the financial quarter (Q3 of 2007-2008),it is clearly visible that the market have been reacted according to the announcement period and this can also stated in the following examples.

The quarterly result has made a significant impact in the share prices. Depending upon the results of this quarterly results, the market have also reacted.

Let us take the announcement quarter (Q3-2007-2008) which was announced on 15-10-2007 in which Jaiprakash Associates registered the Net Sales of Rs 900 Cr for the third quarter ended 30th September 2007 regarding the increasing of 0.2% over the corresponding the previous year same quarter (Q3-2006-2007), the next quarter (Q4- 2007-2008) of the announcement quarter increased 44% over the announcement quarter. The profit before Tax exceptional item (PBT) at Rs.195Cr increased by 18.97% over the corresponding quarter of the previous year (Q3-2006-2007), also PBT increased at Rs.156Cr next quarter by 56.41% over corresponding with the announcement quarter (Q4 2007-2008). Similarly Profit before Tax (PAT) increased 34.6% over the corresponding quarter of the previous year, also PAT increased 34.61% in the next quarter compared with the announcement quarter. The last and most important factor is earning per share (EPS) at Rs.1.34 increased by 32.8% over corresponding previous year (Q3-2006-2007) and increased by 33.58 % over the next quarter. The maximum value was recorded Rs.2156.6 on 14-12-2007 which was 59 days after the announcement date. Similarly the minimum value was Rs.379.5 recorded on 18-12-2007 which was 63 days after the announcement date, this indication s indicate how the market was reacted to the corporate announcement.

The next factor is correction factor which analyse the market reaction after the announcement date and the actual period. The correction factor between the announcement date and the actual split around Rs.218 or 17.08% of price went down, it took 10 days and the got increased Rs.347 around 32.79% which took one day to achieve the correction from that market reacted more actively. Then the correction factor between after the actual split initially got increased Rs.60 around 15% it took 13 days to achieve this price level, from that the market take little long time to react the action of split and also more variation.

INFERENCE

Comparing with their respective corresponding previous year quarter the net sales hugely decreased by less percentage and the next quarter after the announcement quarter is high growth. The PAT,PBT are have a good growth in previous year and the next quarter. The EPS for the two quarters are very good growth. The market has highly fluctuate market reacts quickly still the scrip value of Jaiprakash Associates keeps on increasing steadily because of the profitable variables.

3.5. ABB INDIA LTD

Table 3.17 Analysis of Quarterly Results

ABB	QUARTER	
	G1 (%)	G2(%)
REVENUES(RS.MN)	30.45	16.029
PBT(RS.MN)	34.38	5.66
PAT(RS.MN)	33.76	6.171
EPS	33.78	6.6

PBT = Profit Before Tax

PAT = Profit After Tax

EPS = Earnings Per Share

Table 3.18

2007-2008	QUARTER
A.D	30.05.2007
N.SALEA (LAKHS)	140087.45
PBT (LAKHS)	16857.79
NP(LAKHS)	10856.54
EPS (RS)	5.12
MEAN	4128
S.D	679.46
MAX.V	4792.46
D.MAX.V	26.06.2007
DAYS FROM A.D	27
MIN.V	1036.1
D.MIX	28.06.2007
DAYS FROM A.D	29

A.D = Anrouncement Date

S.D = Standard Deviation

MAX.V = Maximum Value

D.MAX.V = Date of Maximum Value

MIN.V = Minimum Value

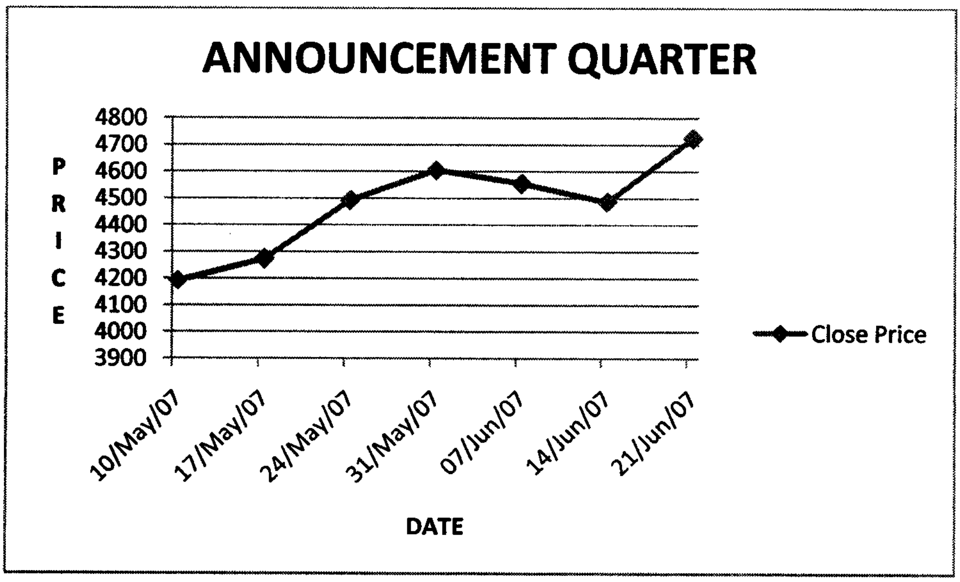
D.MIN.V = Date of Minimum Value

DAYS FROM A.D (1&2)= Days obtained to reach Maximum Value and Minimum Value respectively with reference from Announcement date

N.P = Net Profit

The following charts indicate the share price behaviours in period of announcement quarter.

Chart 3.13



CORRECTION FACTOR ANALYSES

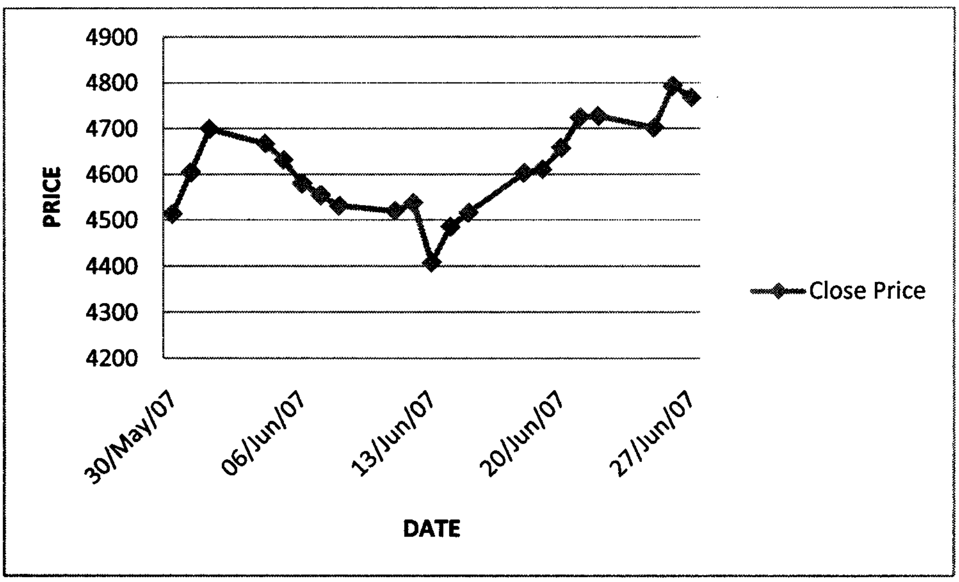
The following charts indicates the share price behaviours after announcement and actual in period of announcement quarter

Between Announcement and Actual Split date (30.05.2007 – 28.06.2007)

Table 3.19 Correction Factor Analyse

Parameter	Reaction	Correction
Trend	Downward	Upward
Value(Rs)	291	319
Percentage of change	6.13	7.2
No. Of Days Taken	13	9

Chart 3.14

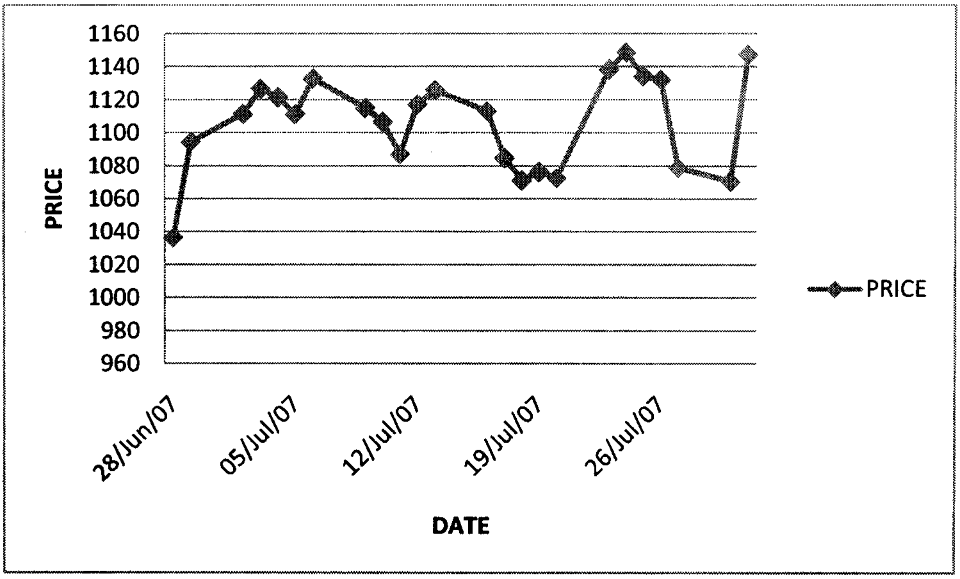


Between Announcement and Actual Split date (28.06.2007 – 28.07.2007)

Table 3.19 Correction Factor Analyse

Parameter	Reaction	Correction
Trend	Downward	Upward
Value(Rs)	55	77
Percentage of change	4.88	7.2

Chart 3.15



INTERPRETATION

ABB is one of the automation and power technologies company in India, it is subsidiary of ABB Group Switzerland . It has around 10,14,88,090 shares .

Analyzing the share price fluctuations of ABB India during the corporate announcement for the financial quarter (Q1 of 2007-2008),it is clearly visible that the market have been reacted according to the announcement period and this can also stated in the following examples.

The quarterly result has made a significant impact in the share prices. Depending upon the results of this quarterly result, the markets have also reacted.

Let us take the announcement quarter (Q1-2007-2008) which was announced on 30-05-2007 in which ABB India registered the revenue of Rs.14008.745 for the first quarter ended 30th June 2007 regarding the increasing of 30.45% over the corresponding the previous year same quarter (Q1-2006-2007), the next quarter (Q2- 2007-2008) of the announcement quarter increased 16.029% over the announcement quarter. The profit before Tax year (Q1-2006-2007), also PBT increased next quarter by 5.66% over corresponding with the announcement quarter (Q2 2007-2008). Similarly Profit before Tax (PAT) increased 33.76% over the corresponding quarter of the previous year, also PAT increased 6.171% in the next quarter compared with the announcement quarter. The last and most important factor is Earning per share (EPS) increased by 33.78% over corresponding previous year (Q2-2006-2007) and decreased by 376.31 % over the next quarter. The maximum value was recorded Rs.4792.46 on 26-06-2007 which was 27 days after the announcement date. Similarly the minimum value was Rs.1036.1 recorded on 28-06-2007 which was 29 days after the announcement date, this indication s indicate how the market was reacted to the corporate announcement.

The next factor is correction factor which analyse the market reaction after the announcement date and the actual period. The correction factor between the announcement date and the actual split around Rs.291 or 6.13% of price went down, it took 13 days and the got increased Rs 319 around 7.2% which took one day to achieve the correction from that market reacted less actively. Then the correction factor between after the actual split initially got increased Rs.55 around 4.88% it took 15 days to achieve this price level, from that the market take little long time to react the action of split and also more variation.

INFERENCE

Comparing with their respective corresponding previous year quarter the net sales hugely increased it's good sign for growth and the next quarter after the announcement quarter also has a less growth. The PAT,PBT are have a good growth in previous year and the next quarter. The EPS for the two quarters are very good growth. The market has highly fluctuated because the difference between the minimum and maximum is very high. Although the market reacts quickly still the scrip value of ABB India ltd keeps on increasing steadily because of the profitable variables.

Chapter-V
FINDINGS

CHAPTER - 5

FINDINGS

4.1. GMR INFRASTRUCTURE LTD

Comparing with the respective corresponding previous year quarter GMR Infrastructure has attained double digit growth. But the next quarter after the announcement quarters less compare to the previous year quarter. Depending upon the variables of respective quarters minimum and maximum value have been obtained, from that market has been fluctuate highly. Averagely maximum value was obtained 39 days before the announcement and the minimum value have obtained 28 days after the announcement. The benefit for the share holders EPS is very less in the corresponding previous year quarter and the next quarter of the announcement quarter. Although the market react after the announcement and after the actual split. As far as correction factor is concerned it took less days to recover in between announcement and actual split. Then the other correction factor between after the actual date it took 11 days to get back to previous high.

4.2. SUZLON ENERGY LTD

Comparing with their respective corresponding previous year quarter the net income hugely increased it's good sign for growth and the next quarter after the announcement quarter also has a good growth. The other variables like PBT, PAT are have a good sign for growth. As far as the EPS is concern the compare with the previous quarter is very less but the next quarter has raised very high growth. The market has highly fluctuated because the difference between the maximum and minimum value is high. Averagely maximum values were obtained 38 days before the announcement and the minimum value have obtained 88 days before the announcement. Although the market reacts quickly still the scrip value of Suzlon Energy keeps on increasing steadily because of the profitable variables. As far as actual split. Then the other correction factor between after the actual date it took one days to get back to previous high.

4.3. JINDAL STEELS LTD

Comparing with their respective corresponding previous year quarter the net sales hugely increased it's good sign for growth and the next quarter after the announcement quarter also has a less growth. The PAT,PBT are have a good growth in previous year and the next quarter. The EPS for the two quarters are very good growth. The market has highly fluctuated because the difference between the minimum and maximum is very high. Averagely maximum value were obtained 21 days after the announcement and the minimum value have obtained 51 days before the announcement Although the market reacts quickly still the scrip value of Jindal Steels keeps on increasing steadily because of the profitable variables. As far as correction factor is concerned it took six days to recover in between announcement and actual split. Then the other correction factor between after the actual date it took six days to get back to previous high.

4.4. JAIPRAKASH ASSOCIATES

Comparing with their respective corresponding previous year quarter the net sales hugely decreased by less percentage and the next quarter after the announcement quarter is high growth. The PAT, PBT are have a good growth in previous year and the next quarter. The EPS for the two quarters are very good growth. The market has highly fluctuated because the difference between the minimum and maximum is very high. Averagely maximum value were obtained 59 days after the announcement and the minimum value have obtained 63 days after the announcement Although the market reacts quickly still the scrip value of Jaiprakash Associates keeps on increasing steadily because of the profitable variables. As far as correction factor is concerned it took 11 days to recover in between announcement and actual split. Then the other correction factor between after the actual date it took eight days to get back to previous high.

4.5. ABB

Comparing with their respective corresponding previous year quarter the net sales hugely increased it's good sign for growth and the next quarter after the announcement quarter also has a less growth. The PAT, PBT are have a good growth in previous year and the next quarter. The EPS for the two quarters are very good growth. The market has highly fluctuated because the difference between the minimum and maximum is very high. Averagely maximum value were obtained 27 days after the announcement and the minimum value have obtained 29s days after the announcement Although the market reacts quickly still the scrip value of ABB India ltd keeps on increasing steadily because of the profitable variables. As far as correction factor is concerned it took nine days to recover in between announcement and actual split. Then the other correction factor between after the actual date it took twelve days to get back to previous high.

Chapter –VI

SUGGESTIONS

CHAPTER - 6

SUGGESTIONS

5.1. GMR INFRASTRUCTURE LTD

GMR Infrastructure is one of the leading construction and infrastructure company which has placed its place in Nifty in a well equipped position. GMR Infra owns 486,421,493 equity shares in nifty and its has split their share. GMR Infra is a slowly and steadily growing company in terms of scrip and financial results. Hence the retail investors can be recommended to invest accordingly. Depending upon the results the retail investors can invest in suitable time. The correction factors shows the stable passion in stock price after the split and announcement so the investment would not get short term proft.

5.2. SUZLON ENERGY LTD

Suzlon Energy is the largest company in wind turbine industry which owns 510,338,900 shares in the nifty and the market capitalisation of Rs. 33,681.49 crore the company has split their shares. The companies financial statement and scrip values show good growth. The growth rate the financial results and the scrip values are high, so the retail investor can be recommended to invest in this stock according to the market information. Depending upon the results the retail investors can invest in suitable time. The correction tells that the market reaction little bit low short term profit cannot earn in this script.

5.3. JINDAL STEELS & POWERS LTD

Jindal Steels is one of the leading company in steel industry owns 6,33,34,225 equity shares in the nifty and the company split its shares. The company financial results show a good return for the share holders and the growth also very high, the stock values also increasing. The financial results and the scrip values are reasonably high, the retail investors can be recommended to invest in this stocks according to market information also

Depending upon the results the retail investors can invest in suitable time. The correction factors of this script immediate reaction so the short term profit possible

5.4. JAIPRAKASH ASSOCIATES LTD

Jaipraksh Associates is one of the leading company in the cement and other sectors owns 638,367,452 equity shares in nifty and the company split its shares. The companies financial results show a good return for the share holders and growth also high and the stocks value also increasing. The financial results and the scrip values are reasonably high, the retail investors can be recommended to invest in this stocks according to market information also. Depending upon the results the retail investors can invest in suitable time. The correction factor tells that market reacted suddenly so the short term profit quite possible.

5.5. ABB INDIA LTD

ABB India ltd is one of the leading company in automation and power technology owns 10,14,88,090 equity shares in nifty and the company split its shares. The companies financial results show a good return for the share holders and growth also high and the stocks value also increasing. The financial results and the scrip values are reasonably high, the retail investors can be recommended to invest in this stocks according to market information also. Depending upon the results the retail investors can invest in suitable time. The correction factor tells that market reacted suddenly so the short term profit quite possible.

Chapter-VII
CONCLUSION

CHAPTER - 7

6. CONCLUSION

The analysis of quarterly results and correction factor for the sample of nifty scrip during the period of 2007-2008 financial year has led to the following conclusions.

The stock split announcement have potentially strong effects on the share prices and trading activity and although these effects depend on the growth parameters of the quarterly results. Within the quarterly results analyzed in this study, stock split has strongest effect where as quarterly results with moderate growth or decline have only limited impact.

In general the strongest effect is observed on the date on which the quarter results are announced and a span of 0- 15 days before and after announcement is also considered.

The evidence presented in this study shows that there is a significant relationship quarterly results and the stock price and trading activity. Moreover, the nature of this relationship suggests that the implication of quarterly results might extend to other announcement such as bonus issues, dividend yields and other corporate announcements. There, high quality data on quarterly results could be valuable component of the information used i developing trading strategies and providing investment advice to clients, However, further examination of the way in which intermediaries and other investors actually use quarterly results would be required in order to evaluate the potential of quarterly results in the overall information set used to reach investment decisions and provide advice. The most important problem the shareholders wealth, in this research after the split the growth rate of the share is high and also the earnings per share also high from this information the investors can invest in these stocks according to the background study about the company.

The correction factor analyses of this study concern al the companies stocks reacted highly and the recovery time for stocks took little to achieve. So that the investor may earn profits from the short term gain around the announcement and split dates.

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