



**A STUDY ON THE IMPACT OF DIVIDEND ANNOUNCEMENT ON SHARE PRICE OF
SELECTED COMPANIES IN NSE NIFTY50 AT ANGEL BROKING
LTD,TIRUPUR**

By

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A PROJECT REPORT

Submitted

In partial fulfillment of the requirements

for the award of the degree
of

MASTER OF BUSINESS ADMINISTRATION

Kumaraguru College of Technology
(An autonomous institution affiliated to Anna University, Chennai)
Coimbatore - 641 049

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BONAFIDE CERTIFICATE

Certified that this project report titled, "**A study on the impact of dividend announcement on share prices of selected companies in nse nifty50 at angel broking ltd, tirupur**" is the bonafide work of Mr.R.Karthik (1120400046) who carried out the project 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.

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Submitted for the project Viva-Voce examination held on _____

Internal Examiner

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DECLARATION

I hereby declare that this project report entitled "**A study on the impact of dividend announcement on share prices of selected companies in nse nifty50 at angel broking ltd, tirupur**" has been undertaken for academic purpose submitted to Anna University in partial fulfillment of the requirements for the award of the degree of Master of Business Administration. The project report is the record of the original work done by me under the guidance of **Mr.S.SWAMINATHAN, Professor** during the academic year 2012-2013.

I, also declare hereby, that the information given in this report is correct to best of my knowledge and belief.

Date:

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Place: Coimbatore

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Signature of the guide

Mr. S. SWAMINATHAN

PROFESSOR

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EXECUTIVE SUMMARY

Dividends are payments made by a corporation to its shareholder members. It is the portion of corporate profits paid out to stockholders. When a corporation earns a profit or surplus, that money can be put to two uses: it can either be re-invested in the business or it can be distributed to shareholders. There are two ways to distribute cash to shareholders: share repurchases or dividends. Many corporations retain a portion of their earnings and pay the remainder as a dividend.

A dividend is allocated as a fixed amount per share. Therefore, a shareholder receives a dividend in proportion to their shareholding. For the joint stock company, paying dividends is not an expense; rather, it is the division of after tax profits among shareholders. Dividends are usually paid in the form of cash, store credits and shares in the company. Further, many public companies offer dividend reinvestment plans, which automatically use the cash dividend to purchase additional shares for the shareholder.

The objective of the study is to analyse the impact of dividend announcement on company's share price based on normal return(NR), abnormal return(AR), cumulative abnormal return(CAR), standard deviation(SD) and t-test are used to figure out fluctuation in share prices in pre and post announcement period for a span of 2008-2012 with daily closing price. An event study is conducted as 10 days (-10) before the dividend announcement and 10 days (+10) after the announcement with event day as 0. Paired T-test is used with 5% (0.05) as significance level for 20 companies listed in NSE to find out significance difference in share price.

