

Internship Report on
**REACTION OF INVESTORS FOR THE STOCK SPLIT ANNOUNCEMENT IN
INDIA: A STUDY CONDUCTED AT PREMIER INVESTMENT, UDUPI**

BY

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Submitted to

VISVESVARAYA TECHNOLOGICAL UNIVERSITY, BELGAUM

In partial fulfillment of the requirements for the award of the degree of

MASTER OF BUSSINESS ADMINISTRATION

Under the guidance of

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2015-2017**



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Udupi

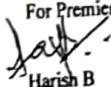
03/05/2017

CERTIFICATE

This is to certify that Miss. Anusha K, (USN 4AL15MBA03), student of M.B.A. at Alva's Institute of Engineering and Technology, Moodbidri, Karnataka has done a project work on "Reaction of Investors for Stock Split Announcements in India : A Study Conducted at Premier Investments, Udupi " a franchisee of Motilal Oswal Securities Limited, Mumbai from 02nd January 2017 to 10th March 2017.

During this period, her conduct and performance were good.

For Premier Investments,


Harish B



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Certificate

This is certified that Ms. Anusha.K bearing USN 4AL15MBA03 is a bonafide student of Master of Business Administration course of the Institute (2015-17), affiliated to Vishvesvaraya Technological University, Belgaum.

The internship report on Reaction of Investors for the Stock Split Announcement in India: A Study Conducted at Premier Investment, Udupi is prepared by her under the guidance of Dr. Kushalappa S, Associate Professor, Department of MBA in partial fulfillment of the requirements for the award of the degree of Master of Business Administration of Vishvesvaraya Technological University, Belgaum, Karnataka.


Dr. Kushalappa S.
Project Guide


Prof. P. Ramakrishna Chadaga
Dean - MBA


Dr. Peter Fernandes
Principal

DECLARATION

I, **Anusha.K**, hereby declare that the internship report entitled “**REACTION OF INVESTORS FOR THE STOCK SPLIT ANNOUNCEMENT IN INDIA: A STUDY CONDUCTED AT PREMIER INVESTMENTS, UDUPI**” with reference to “Premier Investments, Udupi” prepared by me under the guidance of **Dr. Kushalappa S**, Associate Professor, Department of M.B.A, Alva’s Institute of Engineering and Technology and External assistance by **Mr. Harish B**, Branch Manager, Premier Investments, Udupi.

I also declare that this internship work is towards the partial fulfillment of the university regulation for the award of degree of Master of Business Administration by Visvesvaraya Technological University, Belgaum.

I have undergone a summer internship for a period of Ten weeks. I further declare that this project is based on the original study undertaken by me and has not been submitted for the award of any degree/diploma from any other University/ Institution.

Place: Mijar

Date: 15/05/2017



Signature of the student

ACKNOWLEDGEMENT

Completion of a task by shaping and achieving the objective is often a result of valuable contribution from number of individuals, directly or indirectly.

Firstly I thank almighty God for showering his choicest blessing and keeping me in good health throughout the tenure of the project.

I wish to express my heartfelt gratitude to a number of people who have been associated with me throughout this project. At the outset I would like to acknowledge my gratitude to **Dr. Ramakrishna Chadaga**, Dean of Department of Business Administration.

I am deeply indebted to my faculty guide **Dr. Kushalappa S**, Associate Professor, Department of Business Administration, for his regular supervision and valuable suggestions. I am thankful to **Mr. Harish B**, Branch Manager, Premier Investments, Udupi and his staff for granting permission and providing requisite information regarding the project.

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Anusha,K

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EXECUTIVE SUMMERY

Investors assign a great deal of significance to announcement of stock split as it reflects one of the corporate actions of the company and is an indicator of the future direction of the company. A stock split is a decision by the company's board of directors to increase the number of shares that are outstanding by issuing more shares to current shareholders. A stock split is usually done by companies that have seen their share price increase to levels that are either too high or are beyond the price level of similar companies in their sector. The primary motive is to make shares seem more affordable to small investors even though the underlying value of the company has not changed.

The study has been undertaken at Premier Investment Udupi. The study comprises the sample of 275 individual stocks listed in the Bombay stock Exchange (BSE). This study takes into account historical stock split announcement of last 5 years. The price behavior for the stock split announcement for each of the five years and finally based on the average data of five years is studied and accordingly the conclusion is being drawn. The hypotheses framed in the study are accepted except in the year 2015 and thus they indicates that the stock split announcement has had insignificant impact on the stock returns. As the figures of mean abnormal returns for post announcement period are positive for most of the windows in almost all the years under study and the hypotheses tested shows the insignificant impact on the stock split announcement on stock returns.