

Project Report On

**“A STUDY ON IMPACT OF STOCK SPLIT ANNOUNCEMENT ON CAPITAL
MARKET”**

Submitted by

MR.KIRAN

USN: 4LV17MBA17

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

INTERNAL GUIDE

DR.NAGENDRA

Assistant Professor,
Department of MBA,
AIET, Mijar.

EXTERNAL GUIDE

Mr. Sathish bhat,
Branch manager ,
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DEPARTMENT OF BUSINESS ADMINISTRATION

ALVA'S INSTITUTE OF ENGINEERING AND TECHNOLOGY

Shobhavana Campus, Mijar, Moodbidri, Mangalore Taluk, D.K. - 574225

APRIL-2019



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CERTIFICATE

This is to certify that **Mr. Kiran (USN No : 4LV17MBA17)**, 2 Year (4 semester), MBA Student of Alva's Institute of Engineering and Technology, **Mijar, Moodbidri** as to undertaken project work regarding "**A Study on Impact of stock split announcement on capital market**" in our organization for the period from **03-01-2019 to 16-02-2019** and has successfully completed his project work.

During this period the interest shown by the student in undergoing this project and the conduct of the student in the learning process were very good. He has gained practical knowledge in the student in the stock market during this period.

We wish him all the best for his bright future.

For **The Angel Broking Pvt. Ltd. Udupi**

Sathish Bhat
Angel Broking Pvt Ltd
IN PERSON VERIFIED BY
SB Name: Shanthala S Bhat
Sub Broker Tag: SSAB/MNGLR
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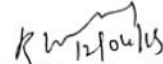
Date: 12th April 2019


Certificate

This is to certify that **Mr. KIRAN** bearing **USN 4LV17MBA17** is a bonafide student of Master of Business Administration course of the Institute (2017-19) affiliated to Visvesvaraya Technological University, Belagavi.

The project report entitled "**A STUDY ON IMPACT OF STOCK SPLIT ANNOUNCEMENT ON CAPITAL MARKET OF ANGEL BROKING PVT LTD, UDUPI**" is prepared by him under the guidance of **Dr. Nagendra S**, Associate Professor, Department of Business Administration, in partial fulfillment of the requirements for the award of the degree of Master of Business Administration of Visvesvaraya Technological University, Belagavi, Karnataka.


Dr. Nagendra S
Internal Guide


Dr. R. Wranton Perez
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EXCECUTIVE SUMMARY:

A stock split is a corporate action where the company divides the existing outstanding shares in order to boost the liquidity of shares. The prices of shares adjust automatically in the stock market when the company implements the action. The primary motive is to make shares seem more affordable to small investors even though the underlying value of the company has not changed. A stock split can also result in a stock price decreased immediately after the split. Since many small investor think the stock is now more affordable and buy the stock, they end up boosting demand and drive up prices. Another reason for the price increase is that a stock split provides a signal to the market that the company's share price has been increasing and people assume this growth will continue in the future, and again, lift demand and prices.

The study has been undertaken at Angel Broking Pvt Ltd, Udupi. The study comprises the returns of 25 individual stocks listed in the Bombay stock exchange (BSE). This study takes into account historical stock split announcement of last five years from 1st April 2012 to 31st march 2017. The concept of impact of stock split announcement on capital market, literature review and the data sources involves the research methodology used; results of daily returns, abnormal returns and excess returns are explained in detail. From the study conducted, it is concluded that all the tests used for the study support the concept of impact of stock split announcement.