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STOCK SPLITS ANNOUNCEMENT EFFECT ON SHARE PRICES: EVIDENCE FROM NIFTY 100 COMPANIES

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ABSTRACT

The research tries to find out the impact of stock split announcement on stock prices. Samples were chosen from Nifty100 companies of NSE. The study employs the market model-event study methodology with an event window of 21 days (10 days prior to split and 10 days' post-split) and split announcement date (0) as the event date, to examine the market reaction. The market-adjusted model was used to measure abnormal returns. Average abnormal returns (AARs) and cumulative mean abnormal returns (CAARs) were determined. For the study, statistical methods such as the paired sample t-test were used to test the significance of the event during pre and post event period on AAR. From the study, it can be inferred that stock split announcement had negative insignificant impact on AAR.

KEYWORDS

stock split, abnormal return, cumulative average abnormal return, nifty 100, event study methodology.

JEL CODES

C58, D53.

1. INTRODUCTION

In recent years, stock splits have been very common occurrences throughout the world. The popularity of the stock splits may be decided by the fact that the number of stock splits between companies has risen in almost all advanced countries. In India, the adoption of stock splits as a strategic financial management method can be judged by the fact that more than two dozen companies took part in stock splits within one year of the abolition of the value-added principle by the Securities and Exchange Board of India (SEBI) in 1999. Some prominent stock splitting companies included Infosys Technologies, Wipro, Zee Telefilms, HDFC, ACC, and Polaris Software Satyam Computers.

Both publicly traded firms have a set number of shares which are outstanding and share-sharing is a corporate share in which the corporation chooses to raise the number of shares by selling additional shares to the existing shareholder. It lowers the face value of the shares without increasing any additional capital. In fact, the overall capitalization of the market remains the same and the nominal value of the share falls. For e.g. A company issued 100 shares priced at Rs.50 per share, the market capitalization being Rs.5000 = 100 × 50. If the company divides it's 2-for-1 share, which ensures that its shareholders would hold two shares for each share owned by them. So there are now 200 shares in the stock and each shareholder owns twice as many shares. The price of each share is set to Rs.25 = Rs.5000/2000. The capitalization of the market is 200 × Rs.25 = Rs.5000, which is the same as before the break. Shares are divided in order to infuse liquidity and make it accessible for investors who have not been able to buy it.

In India stock splits came into being after the abolition of the share par value by the Securities and Exchange Board of India (SEBI) in 1999, given that the shares are dematerialized and the face value after split does not decrease below Re.1. Prior to that, corporate activities relating to existing shares were primarily related to dividends, rights issues and bonus issues. Prior to 1999, there were no split of shares by Indian firms, and the corporate acts relating to existing shares were primarily related to the payment of dividends and the granting of rights and bonus shares.

Why do stocks split?

The key advantage of a share split is to make the stock of a company easy for small investors to purchase. Many corporations (specifically their boards of directors) have divided their shares regularly during their existence in order to retain a desirable share price. It is important to remember that, in turn, derivative assets, such as options, would become more affordable after stock splits. To be precisely clear, the splitting of shares has no effect on the cumulative value of your investment. Well, at least in theory. In the real world, there is no doubt that the condition surrounding the split will push a stock higher or lower.

Here are 3 reasons: Making stock more affordable: the main aim of share-sharing is to reduce the price of expensive stock—especially relative to the level of prices of peers in the industry—to make it accessible to more investors.

Create more liquidity: When the share splits, it increases the number of shares in circulation, making it easier for the stock to sell. Increased liquidity is better for investors as it makes buying and selling stocks at equal prices much easier. Trades can also be made much quicker.

Revive interest: when the stock splits, the company is always viewed as a profitable company which helps the company to revive interest.

Motivation for Stock Splits

Stock splits shall not entail any cash inflow or outflow either from businesses or from their shareholders. While the number of shares owned by the shareholders would increase, the value of the shares would decrease proportionately. The overall par value of the shares owned by the shareholder shall remain the same as before the division of the shares. As a result, shareholders who are concerned with the cash flows of the company and the portion of the cash flows to which they are entitled are not supposed to be impacted by stock split decisions, as their status is the same as at the previous stage, even after stock splitting. Stock splits do not have any tax benefits or drawbacks for corporations or their owners. There is no improvement in the rights of the shareholder in any way in relation to that of the corporation.

Theoretically, there is neither gain nor gain. Any or any damages resulting from the division of shares by the shareholders. They still possess the same capital asset, but in a different form. However, the shareholder can benefit on account of an increase in the market value of the shares due to an increase in the frequency of trading. Considering that stock splits may not have any cash flow or tax consequences, one might wonder what the reasons for stock splits are. The signalling impact may be one explanation for stock splits.

The relationship between stock splits and share prices has been the subject of empirical debate in the finance literature. Since the split date is well known in advance, it does not contain any new details. No major price reaction to split announcements would be expected. However, contrary to theoretical forecasts, empirical studies have reported a statistically significant market price response. Firms reporting splits see a spike in stock prices on average.

Share Split allows the company to reinforce the psychological bond between the investors and the company, as the shares of the company become accessible to investors and the investor is given the opportunity to increase the total shareholder base of the company. Increased liquidity is beneficial to the company because it can lead to a narrower bid – demand range (the difference between the price someone is willing to sell a security for and the price someone is willing to purchase that security at). The smaller distribution of the bid-ask would make it easier for workers and the company to collect money from their held shares.

Be cautious on stock splitting?

While stock splits help to make priced shares more accessible for small investors as well as to fund homes that aim to tone up their portfolios, investors should not make their investment decisions on the basis of stock splits alone. As the stock split does not alter the fundamentals of the business, the sudden increase in the share price cannot be maintained.

The initial reaction may have been due to higher demand in the secondary market. While stock splitting may be an effective tool for corporate governance to maximize shareholder wealth, it may be misused by some promoters to artificially prop up stock prices. As a result, stock splitting presents several problems for investors to find successful stocks.

2. REVIEW OF LITERATURE

Anubha Vashisht (2017) the goal of this paper is to analyze the key reasons, advantages and drawbacks of stock splits. Stock split involves transferring one share of a higher par value to a certain number of shares of a lower par value in a given ratio. Stock splits have become very common phenomena all over the world. In India stock splits came into existence after SEBI abolished the par value of the shares in 1999, given that the shares are dematerialized and the face value after split does not decrease below Re. 1. Since then, a lot of Indian companies have gone to share splits. The key reasons for the stock split are the signalling impact on the future prospects of the company, the reduction of the per share price in order to make it more liquid, the desire of the management to have diffused ownership, and the use of the share split as a defense to a possible hostile takeover. There are some problems related to stock splits that need to be given due consideration before deciding on stock splits. These concerns include the expense of share splits, the impulsive disposal of shares due to a fall in the market price of shares caused by share splits, the possibility of lower share prices, listing requirements and record-keeping challenges. Dr. Disha Pathak, P Kalyani (2020) Corporate events have had a major effect on the movement of stock prices, which has attracted many researchers. The present analysis therefore focuses on analyzing the price movements of stocks in relation to the stock split announcement. In the present analysis, a standard event study approach was used to study the effect of stock split announcements on abnormal returns (ARs) for 5 selected shares, which declared the division of shares between January 2019 and March 2020 about 60 days of the announcement date. Average abnormal returns (AARs) and cumulative mean abnormal returns (CAARs) were determined. Paired t-tests were used to assess the significance of the event during the AAR pre-and post-event era. From the study, it can be inferred that stock split announcement had negative significant impact on AAR.Dr. Parminder Bajaj, Harman Arora (2017) this paper was adopted to focus on the effect of the allocation of shares on the capital of shareholders and the competitiveness of the company. First, a secondary inquiry was carried out into the idea of stock splitting, stock splitting, the effect of stock splitting and the difference between the question of incentives and stock splitting. the effect of stock splits on stock prices and the insider trade on stock split declarations were concentrated on touching the base on the objectives and the speculation to be investigated. Subsequently, the examination method was formulated to determine the effect of the share split on the money-related ratios, such as earnings per share, return on equity, benefit per share, and the ratio of price to earnings. Nagendra Marisetty, M. Suresh Babu (2018) This article analyzes the corporate (stock split) reporting effect on stock price activity in India by using 10 samples from different capitalizations and different sectors that were ex-split (Corporate Action) in 2017. The event analysis and the student evaluation used to know the findings. Empirical findings indicate that mean abnormal return (0.93 per cent), cumulative mean abnormal returns (4.24) are positive on event day, but statistically average abnormal returns are not significant at 5 per cent on event day. Major positive cumulative mean abnormal return (6.30) on the-1st day after event and negative cumulative mean abnormal return (-2.67)-9th day after event, these findings help the investor can make positive abnormal returns until the event day after the investor has received negative abnormal returns. Asha Nadig (2015) This study explores the stock market response to stock splits between 2002 and 2013 in 6 sectors of BSE—Auto, Bankex, Consumer Durables, FMCG, Health Care and IT—to find out whether or not the Indian stock market is semi-efficient. The approach used is the business model event analysis. Samples of 14 stock splits are known to be distributed across 6 sectors. The findings show that there are substantial positive abnormal returns prior to split alerts. On the day of the split announcement, 1 sector reacts positively (Health Care—3.3%) and 5 reacts negatively (Auto -1 percent, Bankex -0.9 percent, CD -0.3 percent, FMCG -1 percent, and IT-1 percent). The findings show that the Null Hypothesis is accepted that there is no significant AAR around stock split announcement date. Suresha B and Dr. Gajendra Naidu (2013) investigated how the market reacts to the stock split announcement news, using the event study technique for Nifty stocks from 1995 to 2011 to assess whether the investor would benefit or lose an above-normal return by depending on the public information given in the stock split announcement. They used the risk-adjusted event study technique for studies where there is an excessive irregular return during the event warning window. Abnormal returns were measured using the market model and t-tests were performed to assess the significance. The study found that there were substantial positive abnormal returns on AD 0, but under a short duration of AD+3 abnormal return. D.Bhuvaneshwari and Dr. K. Ramya (2014) aim to understand the behavior of Indian share prices in relation to stock split announcements. A typical event analysis approach is adopted in this study to analyze the effect and price reactions of NSE CNX Nifty companies from January 2006 to December 2013 about 60 days of the announcement date. Abnormal returns have been measured and t-tests are performed to assess the significance. The research concluded that stock split announcements had a positive influence around announcement dates on share prices. BS Bodla and Shaili Gupta's stock split strategy aimed to make scrip more liquid and affordable to the average investor because with this corporate action the face value of the shares will reduce and number of shares would increase. Many investors do not like to buy high priced stock, but will consider a stock after a split when the share price is lower. Even though the market capitalization does not change due to mere splitting up of shares, greater liquidity and higher demand on the share will drive the share price up, thereby increasing the company's market capitalization and value. A company split its shares usually when it is priced above the trading range. According to EMH, any event which does not contain any information should not affect price and returns on the announcement date. Under the above mentioned aim of stock split, there arise a need to examine impact of this action on stock prices. This paper is an attempt to investigate such type of announcement effect with the help of Event Study methodology. The reference period for the study ranges from 2005-2016. The study is based on 27 stock split announcements of Indian IT industry. The results show that there is no significant difference between Average Abnormal Returns before the announcement and after the announcement of stock splits. Hence, India's stock market is said to be efficient.

3. STATEMENT OF PROBLEM

There are several studies that have been conducted on stock split in various stock markets in the world and they have given mixed results**.** Very few studies have been done to show the Impact of stock split announcement on share prices in the given time frame to give a conclusive result. Therefore, thorough this research an attempt is made to find out the actual impact of stock split announcements on stock prices.

4. OBJECTIVES OF THE STUDY

1. To examine whether the Average abnormal returns are significant or insignificant around the stock split announcement date.
2. To examine whether there is any significant difference in the abnormal returns pre and post stock split announcement.
3. To analyse the Stock market reaction to stock split announcement of Nifty 100 Companies.

5. SCOPE OF THE STUDY

This study focusses on the Nifty100 companies listed at the National Stock Exchange that have split their shares for a period of 5 years ranging from 2015-2020. The study is based on the observation made on the Indian Stock market. It gives scope for further studies in Indian market on corporate actions like dividend announcements, mergers news, consolidation etc. in indexes or other sectors stock.

6. HYPOTHESIS

To check whether the Average abnormal returns are significant or insignificant.

- H_0: There is no significant abnormal returns around the stock split announcement.
- H_1: There is significant abnormal returns around the stock split announcement.

To check whether there is any significant difference in the abnormal returns pre and post stock split announcement.

- H_0: There is no significant difference in abnormal returns pre and post announcement of stock split.
- H_1: There is significant difference in abnormal returns pre and post announcement of stock split.

7. RESEARCH METHODOLOGY

The research is descriptive in nature and secondary data have been used. The three-stage approach is used in this analysis. The first stage consists of finding out the parameters such as beta on the basis of the ex-post returns on stocks and the market index and the projected returns on each stock based on the market model. In the second level, the calculated parameters are used to measure abnormal returns around the date of the source. In this analysis, the date of the stock split announcement is specified as Day 0 or Source Day. If the source day is a non-trading day, the immediately following trading day shall be known as the source day. It could also be listed as an event day. The pre-announcement period shall include 10 trading days before the stock split announcement, i.e. days-10 to-1. The post-announcement period shall include 10 trading days after the stock split announcement, i.e. days +1 to +10. Thus, the event window of 21 trading days (including day 0 as the source day) was considered for the analysis. This is the Estimated ARs are averaged across securities for the estimation of Average Abnormal Returns (AARs) and AARs for the determination of Cumulative Average Abnormal Returns (CAARs). The estimation window is t = -252 to t = -10 relative to the event day t = 0. Estimation window will help in estimating the relationship between a company's returns and the benchmark index and calculation of intercept, slope RSQ and t-test.

TABLE 1: COMPANIES WITH STOCK SPLIT ANNOUNCEMENT

S.No.	Company Name	NSE Symbol	Source Date	Old FV	New FV
1	Bajaj Finance Ltd.	BAJFINANCE	**9-Aug-16**	**10**	**2**
2	Bank of Baroda	BANKBARODA	**22-Jan-15**	**10**	**2**
3	Berger Paints India Ltd.	BERGEPAINT	**1-Aug-15**	**2**	**1**
4	Britannia Industries Ltd.	BRITANNIA	**29-Nov-18**	**2**	**1**
5	Cadila Healthcare Ltd.	CADILAHC	**10-Jun-15**	**5**	**1**
6	Container Corporation of India Ltd.	CONCOR	**26-Jun-18**	**10**	**5**
7	Eicher Motors Ltd.	EICHERMOT	**24-Aug-20**	**10**	**1**
8	Grasim Industries Ltd.	GRASIM	**10-Jun-16**	**10**	**2**
9	HDFC Bank Ltd.	HDFCBANK	**19-Sep-19**	**2**	**1**
10	Indraprastha Gas Ltd.	IGL	**11-Sep-17**	**10**	**2**
11	JSW Steel Ltd.	JSWSTEEL	**1-Apr-17**	**10**	**1**
12	Tech Mahindra Ltd.	TECHM	**19-Mar-15**	**10**	**5**
13	United Spirits Ltd.	MCDOWELL-N	**15-Jun-18**	**10**	**2**

8. EMPIRICAL RESULTS AND DISCUSSION

Abnormal Return

Abnormal return, sometimes referred to as "excess return," applies to unanticipated safety/stock gains (or losses). The disparity between the real returns that investors earn on the asset and the anticipated returns defines abnormal returns.

TABLE 2: ABNORMAL RETURNS OF ALL THE SELECTED NIFTY 100 COMPANIES.

			Abnormal Returns of all the Companies											
Event Window	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**Sum of AR**
-10	-0.004	-0.018	0.012	-0.008	-0.009	0.011	-0.028	0.004	0.013	-0.003	-0.003	-0.009	-0.020	-0.063
-9	0.027	-0.024	0.003	0.004	0.034	-0.013	0.000	-0.004	-0.007	-0.001	-0.004	-0.003	0.018	0.030
-8	0.017	0.010	-0.010	0.016	-0.012	-0.008	0.031	-0.004	-0.004	-0.002	-0.001	-0.019	-0.010	0.004
-7	0.019	0.006	-0.016	0.000	0.034	-0.032	-0.021	-0.003	-0.003	-0.017	-0.015	0.010	0.003	-0.035
-6	-0.013	-0.002	0.005	-0.009	0.008	-0.023	-0.064	0.006	-0.003	0.013	0.015	0.027	-0.001	-0.039
-5	0.015	-0.019	0.004	0.022	0.020	0.036	0.041	-0.023	0.013	-0.005	0.001	-0.027	0.001	0.079
-4	0.012	-0.021	0.102	0.006	-0.009	0.000	0.000	0.023	-0.014	0.012	0.000	-0.011	0.003	0.104
-3	-0.008	-0.004	-0.034	-0.009	0.002	-0.011	-0.010	0.001	0.000	-0.002	0.007	0.003	0.006	-0.059
-2	-0.005	-0.023	-0.020	0.000	0.002	-0.014	0.011	0.000	0.002	0.004	0.002	0.008	-0.001	-0.036
-1	0.011	0.031	0.028	-0.016	-0.027	0.004	0.009	0.004	-0.013	-0.002	0.002	-0.022	0.011	0.020
0	**-0.679**	**-0.014**	**0.087**	**0.007**	**0.018**	**0.002**	**-0.005**	**0.024**	**0.019**	**-0.010**	**-0.010**	**-0.712**	**-0.021**	-1.294
1	-0.001	-0.018	0.015	0.041	-0.009	-0.020	0.017	0.016	0.033	0.002	0.063	-0.012	-0.016	0.111
2	-0.037	-0.014	-0.063	-0.026	-0.030	0.015	0.007	-0.012	0.020	0.004	-0.001	-0.033	0.021	-0.148
3	0.001	0.000	0.017	0.000	-0.009	0.054	-0.008	-0.011	-0.002	0.021	0.004	0.003	-0.017	0.053
4	-0.005	-0.035	-0.028	0.007	0.000	-0.019	-0.018	-0.001	0.002	-0.012	0.006	-0.006	-0.017	-0.126
5	-0.016	-0.092	-0.048	-0.022	0.029	0.009	-0.033	-0.021	-0.009	-0.017	0.038	-0.003	0.030	-0.155
6	-0.016	-0.029	0.024	-0.001	0.009	0.000	0.010	-0.005	0.006	-0.001	0.001	-0.009	-0.003	-0.016
7	0.000	-0.006	-0.008	0.007	-0.013	-0.018	0.011	0.004	-0.009	0.019	0.001	-0.036	0.037	-0.013
8	-0.007	0.006	0.004	-0.001	-0.011	0.022	0.027	-0.002	0.027	0.000	-0.001	0.003	-0.022	0.044
9	0.040	-0.036	-0.003	0.003	0.024	0.021	-0.007	-0.013	-0.016	-0.014	-0.015	0.000	-0.021	-0.037
10	-0.001	0.001	-0.006	0.022	0.010	-0.001	0.003	-0.001	-0.016	0.001	0.019	0.013	-0.007	0.038

The table reveals that a higher percentage of companies had an extraordinary negative abnormal return on the day of the announcement. Of the 13 firms, 7 had negative abnormal returns, while 6 had positive abnormal returns on the day of the announcement.

It is clearly seen in the table that the pre-announcement case window contains 5 negative returns and 5 positive returns. There are 6 negative returns and 4 positive returns in the post-announcement period, which means investors will expect negative abnormal returns after the stock split is announced.

Average Abnormal Returns: Abnormal returns monitoring is not conducted on each bond, but is achieved aggregately on each day of the occurrence duration by evaluating the cumulative abnormal returns on cross-sectional securities.

Cumulative Average Abnormal Returns: The sum of all abnormal returns is the cumulative abnormal return (CAR). It is a measure of the abnormal performance over the duration of the incident. The sum of average abnormal returns is CAAR.

TABLE 3: AAR, CAAR AND T- VALUES

Average abnormal returns, Cumulative average abnormal returns and calculated t values of selected sample companies.						
Event Window	**AAR**	**CAR**	**CAAR**	**STD DEV**	**STD ERROR**	**T-VALUE**
-10	-0.005	-0.063	-0.005	0.013	0.004	-1.37
-9	0.002	-0.033	-0.003	0.016	0.004	0.52
-8	0.000	-0.028	-0.002	0.014	0.004	0.09
-7	-0.003	-0.064	-0.005	0.018	0.005	-0.54
-6	-0.003	-0.103	-0.008	0.022	0.006	-0.49
-5	0.006	-0.024	-0.002	0.021	0.006	1.02
-4	0.008	0.079	0.006	0.031	0.009	0.94
-3	-0.005	0.020	0.002	0.011	0.003	-1.54
-2	-0.003	-0.016	-0.001	0.010	0.003	-0.95
-1	0.002	0.004	0.000	0.018	0.005	0.31
0	-0.100	-1.290	-0.099	0.266	0.074	-1.35
1	0.009	-1.179	-0.091	0.026	0.007	1.21
2	-0.011	-1.327	-0.102	0.025	0.007	-1.62
3	0.004	-1.274	-0.098	0.018	0.005	0.80
4	-0.010	-1.401	-0.108	0.013	0.004	-2.69
5	-0.012	-1.555	-0.120	0.035	0.010	-1.22
6	-0.001	-1.572	-0.121	0.013	0.004	-0.35
7	-0.001	-1.584	-0.122	0.018	0.005	-0.20
8	0.003	-1.541	-0.119	0.014	0.004	0.84
9	-0.003	-1.578	-0.121	0.021	0.006	-0.50
10	0.003	-1.539	-0.118	0.011	0.003	1.00

*** 5% level of significance 2.179**

Hypothesis 1: To check whether the Average abnormal returns are significant or insignificant.

H_0: There is no significant abnormal returns around the stock split announcement.

H_1: There is significant abnormal returns around the stock split announcement.

Empirical Analysis

The significance level is at 5% where T value (2 tailed) is 2.179. The T values found are below 2.179, which implies that the null hypothesis is accepted. This means that that there is no significant abnormal returns around the stock split announcement.

It is found that abnormal returns are positive before the day of the event, but returns were negative on the day of the event.

The AAR values shown in the table indicate that there are both positive and negative returns fluctuating around the day of the announcement. During the 10 day pre announcement period, the AAR was positive for five days and negative for five days. There were 4 positive AARs and 6 negative AARs during the post-annunciation era.

The effect of the announcement was found to be insignificant and the share price response was found to be negative at -10 percent on the day of the occurrence, and it was also clearly seen that the stock split announcements did not provide the companies with significant positive details. It is also implied that around the stock split announcements, there are substantial abnormal returns, but they are unfavorable. Average abnormal returns are not important at 5% significance level on event day.

The research analyzed the market response to the stock split announcement by regularly observing AAR and CAAR. During the following days, the AAR is negative: -10,-7,-6,-3,-2 suggesting that the Index (Nifty 100) returns were more than the stock returns.

As the AAR is negative on the date of the stock split announcement and positive on the following day of the announcement, the market reaction to the stock split is very fast. In all days after the stock split date and positive prior to the date of the stock split notice, the CAAR tends to be negative.

On the basis of the results, it can also be argued that there is a difference in the overall abnormal returns before and after the stock split as the returns were negative on the date of the stock split and the returns were positive before and after the stock split.

The mean AAR before the stock split can be found to be higher than the mean AAR after the split happened. This shows that in the pre-split era, investors will receive extra sums of abnormal returns.

9. CONCLUSIONS AND SUGGESTIONS

The study showed, using an event study approach, that investors did not gain substantial returns on the announcement day and around the market split announcement times. Paired Sample T test was used for AAR to interpret the results. These facts demonstrate that stock split announcements lead to abnormal returns that are more negative.

By observing stock average abnormal returns and cumulative average abnormal returns. It is concluded that investors react differently around stock split announcement date (positively before event day & on event day negatively and positively after event day). It is also concluded that abnormal returns are not significant at 5% significance level during the window period (21 days).

The purpose of this analysis is to see how the market responds to the stock split announcement, with specific focus on detecting some substantial difference between the announcement of the AAR pre and post stock split. The analysis shows that AARs are not significant and are negative on the announcement day.

On the day of the stock split announcement, this analysis showed that there was a negative abnormal return. There is no substantial change before and after the market split in the average abnormal return. The study conducted shows that there is a negative post-split market response in the case of the Indian stock market. The study carried out on a sample of 13 stock splits and tracks the AR created by the Nifty 100 companies.

10. SCOPE FOR FURTHER RESEARCH

- The present study takes into account the NSE listed companies only to find out the impact of stock split announcement on share prices. This study can be extended by adding BSE listed companies to the analysis.

- In order to see if the factors driving the stock split decision are the same or different in different industries, more study on stock split should be carried out wisely by the industry
- There are two dates for stock split, one is announcement date and one is the Ex-split date and the further researches can be done by taking the ex-split date as the announcement date to see if there is substantial difference in the returns.
- Future studies could also explore reverse splits which is yet to happen in India.
- There are no studies in India that address the differentiating factors splitting and non-splitting companies. Future studies can be performed to understand the distinctions between splitting and non-splitting factors of splitting of businesses.
- The further research could be a combined study on stock splits, bonuses and stock dividend.

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