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DIVIDEND ANNOUNCEMENT IMPACTS PERFORMANCE AND VOLATILITY OF THE STOCK

M.Sirisha

Master of business Administration, Mallareddy University, Hyderabad

ABSTRACT

The estimation of a firm's stock price has been a subject of debate considering the various factors that cause its increase or decrease. Chief among the outstanding factors touted by most scholars is the amount of dividends declared by the firm to its stockholders. This study aims at establishing if there exists such a direct relationship between a firm's dividends and its stock price . The study analyses secondary data sets of some companies related to banking industry and IT listed on the Stock Exchange.

It includes both NSE and BSE for the period 2018 to 2022 inclusive., the study shows a strong positive association between stock price and Dividend. Dividend decisions are important because they determine what funds flow to investors and what funds are retained by the firm for investment. There is a strong positive relationship between a firm's dividends and its stock price on the stock market. The study further finds that stock price is an outcome of a number of factors, dividends being one of them and having a very significant contribution.

The findings in this study will help investors, both potential and existing; as well as managers of listed companies, who are the stewards, to understand and appreciate the impact of dividend declaration or absence of it, on the psychology of stockholders which later affects the respective company's stock price on the stock exchange.

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CHAPTER 1

INTRODUCTION

A dividend policy is a company's approach to distributing profits back to its owners or stockholders. Dividend policy is an integral part of financial management decision of a firm. Dividend policy remains one of the most important financial policies not only from the viewpoint of the company, but also from that of the shareholders, the consumers, employees, regulatory bodies and the Government.

Every firm operating in a given industry follows some sort of dividend payment pattern or dividend policy and obviously it is a financial indicator of the firm. Thus, demand of the firm's share should to some extent, dependent on the firm's dividend policy. Dividends affect the price of the underlying stock in three primary ways. While the dividend history of a given stock plays a general role in its popularity, the declaration and payment of dividends also has a specific and predictable effect on market prices. It stands to reason that the possibility of creating recurring investment income encourages investors to purchase and retain shares of stock. While this motivation may seem to be purely economical, the underlying beliefs about the company's profitability are what impact stock prices the most. To understand how dividends positively affect investor thinking, it helps to first understand the mechanics of the stock market and the basic of how dividends work. The Dividend Decision is an important part of the present day corporate world. The payment of dividends impacts the perception of a company in financial markets, and it may also have a direct impact on its stock price.

There are a number of factors affecting the dividend policy decisions of a firm such as investor's preference, earnings, investment opportunities; annual vs. target capital structure, flotation costs, signaling, stability and Government policies and taxation. Declaration of dividend, sometimes its impact on market price of company is either positive or negative or sometimes it is irrelevant mean no effect on market price of company. All these effects are depended on dividend policy of company and its declaration of it. Before examining the impact of dividend policy, it is must to clear the meaning of dividend.

- Dividend:

Dividend is a sum of money paid regularly (typically quarterly) by a company to its shareholders out of its profits (or reserves). Dividends are mostly paid quarterly or annually. The Dividend Decision, in corporate finance, is a decision made by the directors of a company about the amount and timing of any cash payments made to the company's stockholders. The Dividend Decision is an important part of the present day corporate world. It is important for the firm as it may influence its capital structure and stock price. There are certain issues that are taken into account by the directors while making the dividend decisions: -

· Free Cash Flow

· Signaling of Information

· Clients of Dividends

- Free Cash Flow Theory:

The free cash flow theory is one of the prime factors of consideration when a dividend decision is taken. As per this theory the companies provide the shareholders with the money that is left after investing in all the projects that have a positive net present value.

- Signaling of Information:

It has been observed that the increase of the worth of stocks in the share market is directly proportional to the dividend information that is available in the market about the company, whenever a company announces that it would provide more dividends to its shareholders, the price of the shares increases.

- Clients of Dividends:

While taking dividend decisions the directors have to be aware of the needs of the various types of shareholders as a particular type of distribution of shares may not be suitable for a certain group of shareholders. It has been seen that the companies have been making decent profits and also reduced their expenditure by providing dividends to only a particular group of shareholders.

- Dividend Theories:

There are two types of Dividend theories-

· Relevant Dividend Theory

· Irrelevant Dividend Theory

- Relevant Dividend Theory:

Dividends paid by the firms are viewed positively both by the investors and the firms. The firms which do not pay dividends are rated in oppositely by investors thus affecting the share price. The people who support relevance of dividends clearly state that regular dividend reduce uncertainty of the shareholders i.e. the earnings of the firm is discounted at a lower rate, thereby increasing the market value. However, it's exactly opposite in the case of increased uncertainty due to non-payment of dividends. Two important models supporting dividend relevance are given by

- Walter and Gordon:
- Walter's model:

Walter's model shows the relevance of dividend policy and its bearing on the value of the share. Dividends are referred to as the opportunity cost of the firm or the cost of capital, ke for the firm. Another situation where the firms do not pay out dividends is when they invest the profits or retained earnings in profitable opportunities to earn returns on such investments. This rate of return r, for the firm must at least be equal to ke. If this happens then the returns of the firm is equal to the earnings of the shareholders if the dividends were paid. Thus, it's clear that if r is more than the cost of capital ke, then the returns from investments is more than returns shareholders receive from further investments.

If r > ke, the firm should have zero payout and make investments.
If r < ke, the firm should have 100% payouts and no investment of retained earnings.
If r = ke, the firm is indifferent between dividends and investments.

P = Market price of the share
D = Dividend per share
r = Rate of return on the firm's investments
Ke = Cost of equity
E = Earnings per share'

The market price of the share consists of the sum total of:
· The present value of an infinite stream of dividends.
· The present value of an infinite stream of returns on investments made from retained earnings.
Therefore, the market value of a share is the result of expected dividends and capital gains according to Walter.

- Gordon's Model:

Myron J. Gordon has also supported dividend relevance and believes in regular dividends affecting the share price of the firm. According to this model Investors are risk averse and believe that incomes from dividends are certain rather than incomes from future capital gains, therefore they predict future capital gains to be risky propositions. They discount the future capital gains at a higher rate than the firm's earnings, thereby evaluating a higher value of the share. In short, when retention rate increases, they require a higher discounting rate. Gordon has given a model similar to Walter’s formula to determine price of the share.

Where,

P = Market price of the share

E = Earnings per share

b = Retention ratio (1 - payout ratio)

r = Rate of return on the firm's investments

ke = Cost of equity

br = Growth rate of the firm (g)

Therefore the model shows a relationship between the payout ratio, rate of return, cost of capital and the market price of the share.

Irrelevant Dividend Theory:

The Modigliani and Miller school of thought believes that investors do not state any preference between current dividends and capital gains. They say that dividend policy is irrelevant and is not deterministic of the market value. Therefore, the shareholders are indifferent between the two types of dividends. All they want are high returns either in the form of dividends or in the form of re-investment of retained earnings by the firm. There are two conditions discussed in relation to this approach.

· Decisions regarding financing and investments are made and do not change with respect to the amounts of dividends received.

· When an investor buys and sells shares without facing any transaction costs and firms issue shares without facing any floatation cost, it is termed as a perfect capital market.

Modigliani-Miller theorem:

The Modigliani–Miller theorem states that the division of retained earnings between new investment and dividends do not influence the value of the firm. It is the investment pattern and consequently the earnings of the firm which affect the share price or the value of the firm. The dividend irrelevancy in this model exists because shareholders are indifferent between paying out dividends and investing retained earnings in new opportunities. The firm finances opportunities either through retained earnings or by issuing new shares to raise capital. The amount used up in paying out dividends is replaced by the new capital raised through issuing shares. This will affect the value of the firm in an opposite way. The increase in the value because of the dividends will be offset by the decrease in the value for new capital rising.

NEED OF THE STUDY

This study aims at establishing if there exists such a direct relationship between a firm's dividends and its stock price . The study analyses secondary data sets of some companies related to banking industry and IT listed on the Stock Exchange. It includes both NSE and BSE for the period 2017-2018 to 2021-2022 inclusive., the study shows a strong positive association between stock price and Dividend. Dividend decisions are important because they determine what profits are distributed to the investors and what are the retained earnings used for the investment.

OBJECTIVES OF THE STUDY

- Dividend decision is impacting the selected Equity shares Performance.
- Impact of the Dividend announcement on performance of the selected industry.

SCOPE OF THE STUDY

The study focuses on dividend policy of the companies which are listed in NSE as NIFTY50. This study is concentrating on NIFTY50 companies for short term analysis and on IT and service (banking) sector for long term analysis.

LIMITATIONS OF THE STUDY

1. Data is limited as provided by the companies.
2. Findings may not be accurate due to limited data.
3. There is a short period of time is given to do study.

As the companies maintains some secrecy the accurate interpretations cannot be drawn

CHAPTER 2

REVIEW OF LITERATURE

Pani, (2008) in this paper analyzed the possible links between dividend policy and stock-price behavior in Indian corporate sector. For study purpose 500 listed companies on BSC had been taken during the period 1996-2006.The survey made on six different industries namely electricity, food and beverage, mining, Non-metallic, Textile and service-sector. Fixed effect model had been used for study purpose. The variables like size and long term debt-equity ratio has been taken for analyzing the relationship between dividend retention ratio and stock-price behavior of the firm by using panel data approach. The study result based on fixed effect model. The result of this model indicated that there is possible links between dividend policy and stock price behavior. The author said that in some industries it showed the possibility of "clientele effect.

Sura, Pal, and Bodla, (2006):

In this paper evaluated the factors influencing dividend policy decisions in banking sector. This study examined the re-applicability of Linter's (1956) and Britain (1966) path breaking analyses of dividend policy. For, study purpose banks listed on National stock exchange have been taken. Survey has been made by using cross sectional analysis during the period 1996-2006.The study found that commercial banks in India generally followed stable dividend policy. The study also found that lagged dividends and current earnings are major determinants of dividends. The study also supported the argument of 'information content of dividends' with reference to dividend proceeds. Hence, author suggested that the management of the bank can use dividend policy as signaling device.

Mittal and Chopra, (2006):

Investigated the dividend behavior of NSC and BSC firms. The article studied the dividend behavior of selected firms during the period 2001-2005 and divides them into payers and non-payers groups. To know the relationship of dividend paid with investment opportunities, Growth cost of equity and ownership structure regression analysis was used. The study found that payer firms to have large size, less investment opportunities and high cost of retained earnings and the opposite in case of nonpayers. Author also found that by reducing agency costs promoters can increase in dividend with increase in equity ownership.

Balyan(n.d.):

Attempted to know the relationship between earnings and dividends particularly for top five selected companies from steel sector in India for finding out the difference practices. For analysis purpose variables like earnings per share, dividend per share, dividend payout ratio and dividend yield has been taken. For study purpose one way ANOVA and an independent sample t test has been used. The study found that companies belonging to steel industry who have declared dividend do not follow a similar pattern while declaring dividends to shareholders in relation to earnings.

Gupta and Banga, (2010):

Re-examined the various factors that influenced the dividend decision of firms. The study has been conducted on BSE listed Indian companies for the period 2001- 2007.Depending on the literature review author has found fifteen variables for framing dividend policy. Author used factor analysis for extracting prominent factors from various variables. And then multiple regression analysis has been conducted. The result of the factor analysis showed that leverage, liquidity, ownership structure and growth are major factors. The study revealed that after applying regression leverage and liquidity are the major determinants of dividend policy for Indian companies. The study also found that non-financial factors such as foreign collaborators' shareholding, attitude and behavior of management, company policy etc. may also influence the dividend decision of firm.

Gayathridevi and Mallikarjunappa, (2012):

Analyzed the trends and determinants of dividend decisions. For survey purpose NSC listed 114 Indian Textiles companies have been taken during the period 1989-2009.The simple Regression model was used to evaluate the study. Study revealed that most of the dividends paying companies are profit making companies. The study also showed that absolute value of dividends and dividend paid-up capital shows the significant and positive relationship between dividend policy and lagged earnings belonging to common shareholders, profit after tax, earnings belonging to shareholders cash flows, size, cash dividends and lagged dividends. It also showed that current Ratio and capital structure have insignificant influence on dividend policy.

Kaur and Saraf, (2014):

Investigated the concept and scope of dividend policy and to study the irrelevance theory (Modigliani-Miller Model) dividend theory and to know the relationship between dividend policy approach and share prices (companies listed in CNX Dividend opportunities Index was chosen as population universe) and for sample 5% companies listed in index was considered. Analysis has been made by using secondary data and simple random sampling is used during period 2013-2014.The study found that there is neither positive nor negative relationship between the market price of shares and dividend payout. Author said that due to other factors share-prices are affected. It can be concluded that irrelevance theory shows true picture in current scenario in comparison to relevance theory in short time period.

Fama and French, (2001):

Analyzed the issue of lower dividends paid by corporate firms over the period 1973- 1999 and the factors responsible for the decline. In particular they analyze whether the lower dividends were the effect of changing firm characteristics or lower propensity to pay on the part of firms. They observe that proportion of companies paying dividend has dropped from a peak of 66.5 percent in 1978 to 20.8 percent in 1999.

They attribute this decline to the changing characteristics of firms: “The decline in the incidence of dividend payers is in part due to an increasing tilt of publicly traded firms toward the characteristics – small size, low earnings, and high growth – of firms that typically have never paid dividends”

Khan, (2006):

Investigated how the ownership structure of firms affects their dividends policies. His sample period covers the period of 1985-1997 and the sample size reaches a maximum of 281 firms in 1989 and a minimum of 126 firms in 1985. A key contribution of this article is that it exploits extremely rich ownership data on all beneficial owners (individuals, insurance companies, pension funds and other financial institutions) holding more than 0.25% of any given firm’s equity. A significantly negative relation between dividends and ownership concentration result appear to corroborate Rozeff’s model, dividends fall when the degree of ownership of ownership concentration increase, which is generally associated with better incentives to monitor. However, the positive relationship between dividends and insurance companies would suggest that they are relatively poor at monitoring compared to individual investors. These results imply particularly acute agency problems when insurance company shareholdings is high and provide some support for the views expressed in the various governance reports.

Azhagaiah and .N, (2008):

Aimed at analyzing the impact of dividend policy of shareholders’ wealth in Organic and Inorganic Chemical Companies in India during 1996 –1997 to 2005-2006. To measure the impact of dividend policy on shareholders’ wealth multiple regression method and stepwise regression models were used by taking DPS it (Dividend per Share), RE it (Retained Earnings per Share), Pet-1 (Lagged Price Earnings Ratio) and

MPSit-1 (Lagged Market Price) (MVit-1) as independent variable, and MPSit (Market Price per Share) as dependent variables. To determine the proportion of explained variation in the dependent variable, the co-efficient of determination (R2) has been tested with the help of F value. The study proved that the wealth of the shareholders is greatly influenced mainly by five variables viz., Growth in sales, Improvement of Profit Margin, Capital Investment Decisions (both working capital and fixed capital), Capital Structure Decisions, Cost of Capital (Dividend on Equity, Interest on Debt) etc. There was a significant impact of dividend policy onshareholders' wealth in Organic Chemical Companies while the shareholders' wealth was not influenced by dividend payout as far as Inorganic Chemical Companies were concerned.

RESEARCH METHODOLOGY

In this section a brief overview of various dimensions of the research, tools and techniques and methods used to achieve various research objectives has been discussed. For analysing short term effect, pre-weekly and post weekly market price data in context of dividend declaration was collected, and for analyzing long term effect statistical measure i.e. correlation between dividend payout ratio (independent variable) and market price (dependent variable) is used. The given formula is used to analyze effect

RESEARCH DESIGN:

This study is mainly descriptive, analytical and empirical in nature. In this study secondary data is collected to analyze the impact of dividend policy on market performance of company in the selected Sectors in India.

RESEARCH APPROACH

- Inferential Quantity Approach

Chapter-3

INDUSRTY PROFILE

BANKING INDUSTRY

Modern banking in India originated in the mid of 18th century. Among the first banks were the Bank of Hindustan, which was established in 1770 and liquidated in 1829–32; and the General Bank of India, established in 1786 but failed in 1791.[1][2][3][4]

The largest and the oldest bank which is still in existence is the State Bank of India (SBI). It originated and started working as the Bank of Calcutta in mid-June 1806. In 1809, it was renamed as the Bank of Bengal.

This was one of the three banks founded by a presidency government, the other two were the Bank of Bombay in 1840 and the Bank of Madras in 1843. The three banks were merged in 1921 to form the Imperial Bank of India, which upon India's independence, became the State Bank of India in 1955. For many years, the presidency banks had acted as quasi-central banks, as did their successors, until the Reserve Bank of India[5] was established in 1935, under the Reserve Bank of India Act, 1934.[6][7]

In 1960, the State Banks of India was given control of eight state-associated banks under the State Bank of India (Subsidiary Banks) Act, 1959. However the merger of these associated banks with SBI went into effect on 1 April 2017. In 1969, the Government of India nationalised 14 major private banks; one of the big banks was Bank of India. In 1980, 6 more private banks were nationalised.[8] These nationalised banks are the majority of lenders in the Indian economy. They dominate the banking sector because of their large size and widespread networks.[9]

The Indian banking sector is broadly classified into scheduled and non-scheduled banks. The scheduled banks are those included under the 2nd Schedule of the Reserve Bank of India Act, 1934. The scheduled banks are further classified into: nationalised banks; State Bank of India and its associates; Regional Rural Banks (RRBs); foreign banks; and other Indian private sector banks.[7] The SBI has merged its Associate banks into itself to create the largest Bank in India on 1 April 2017. With this merger SBI has a global ranking of 236 on Fortune 500 index. The term commercial banks refers to both scheduled and non-scheduled commercial banks regulated under the Banking Regulation Act, 1949.[10]

Generally the supply, product range and reach of banking in India is fairly mature-even though reach in rural India and to the poor still remains a challenge. The government has developed initiatives to address this through the State Bank of India expanding its branch network and through the National Bank for Agriculture and Rural Development (NABARD) with facilities like microfinance.

IT INDUSTRY

Information Technology (IT) industry in India is one of the fastest growing industries. Indian IT industry has built up valuable brand equity for itself in the global markets. IT industry in India comprises of software industry and information technology enabled services (ITES), which also includes business process outsourcing (BPO) industry. India is considered as a pioneer in software development and a favourite destination for IT-enabled services. The origin of IT industry in India can be traced to 1974, when the mainframe manufacturer, Burroughs, asked its India sales agent, Tata Consultancy Services (TCS), to export programmers for installing system software for a U.S. client. The IT industry originated under unfavorable conditions. Local markets were absent and government policy toward private enterprise was hostile. The industry was begun by Bombay-based conglomerates which entered the business by supplying programmers to global IT firms located overseas.

During that time Indian economy was state-controlled and the state remained hostile to the software industry through the 1970s. Import tariffs were high (135% on hardware and 100% on software) and software was not considered an "industry", so that exporters were ineligible for bank finance. Government policy towards IT sector changed when Rajiv Gandhi became Prime Minister in 1984. His New Computer Policy (NCP-1984) consisted of a package of reduced import tariffs on hardware and software (reduced to 60%), recognition of software exports as a "delicensed industry", i.e., henceforth eligible for bank finance and freed from license-permit raj, permission for foreign firms to set up wholly-owned, export-dedicated units and a project to set up a chain of software parks that would offer infrastructure at below-market costs. These policies laid the foundation for the development of a world-class IT industry in India.

Today, Indian IT companies such as Tata Consultancy Services (TCS), Wipro, Infosys, HCL et al are renowned in the global market for their IT prowess. Some of the major factors which played a key role in India's emergence as key global IT player are Indian Education System The Indian education system places strong emphasis on mathematics and science, resulting in a large number of science and engineering graduates. Mastery over quantitative concepts coupled with English proficiency has resulted in a skill set that has enabled India to reap the benefits of the current international demand for IT. High Quality Human Resource Indian programmers are known for their strong technical and analytical skills and their willingness to accommodate clients. India also has one of the largest pools of English-speaking professionals. Competitive Costs The cost of software development and other services in India is very competitive as compared to the West. Infrastructure Scenario Indian IT industry has also gained immensely from the availability of a robust infrastructure in the country. In the last few years Indian IT industry has seen tremendous growth. Destinations such as Bangalore, Hyderabad and Gurgaon have evolved into global IT hubs. Several IT parks have come up at Bangalore, Hyderabad, Chennai, Pune, Gurgaon etc. These parks offer Silicon Valley type infrastructure. In the light of all the factors that have added to the strength of Indian IT industry, it seems that Indian success story is all set to continue.

CHAPTER 4

DATA ANALYSIS AND INTREPRETATION

Data collection

This study is completely based on secondary data. For short term analysis, weekly data from pre and post date of declaration of dividend was taken, and for long term, data was taken of NSE and BSE companies related to the IT and Servicing industry from year 2018 to 2022.

DATA ANALYSIS

In this study analysis is divided into two parts

- Short term Analysis

Dividends Declared by the selected companies

SERVICING INDUSTRY

SBI

Announcement Date	Effective Date	Dividend Type	Dividend(%)	Remarks
13/05/2022	25/05/2022	Final	710%	Rs.7.1000 per share(710%) Dividend
21/05/2021	03/06/2021	Final	400%	Rs.4.0000 per share(400%) Dividend
19/05/2017	26/05/2017	Final	260%	Rs.2.6000 per share(260%) Dividend
16/05/2016	03/06/2016	Final	260%	Rs.2.6000 per share(260%) Dividend
22/05/2015	28/05/2015	Final	350%	Rs.3.5000 per share(350%) Dividend

AXIS BANK

Announcement Date	Ex-Date	Dividend Type	Dividend (%)	Dividend (Rs)	Remarks
28-04-2022	07-07-2022	Final	50	1.00	Rs.1.0000 per share(50%)Final Dividend
25-04-2019	04-07-2019	Final	50	1.00	Rs.1.0000 per share(50%)Final Dividend
28-04-2017	06-07-2017	Final	250	5.00	Rs.5.0000 per share(250%)Final Dividend
26-04-2016	07-07-2016	Final	250	5.00	Rs.5.0000 per share(250%) Dividend
29-04-2015	09-07-2015	Final	230	4.60	Rs.4.6000 per share(230%) Dividend

HDFC BANK

Announcement Date	Effective Date	Dividend Type	Dividend(%)	Remarks
23/04/2022	12/05/2022	Final	1550%	Rs.15.5000 per share(1550%)Dividend
18/06/2021	29/06/2021	Final	650%	Rs.6.5000 per share(650%)Dividend
22/07/2019	01/08/2019	Special	250%	Rs.5.0000 per share(250%)Special Interim Dividend
22/04/2019	20/06/2019	Final	750%	Rs.15.0000 per share(750%)Dividend
23/04/2018	31/05/2018	Final	650%	Rs.13.0000 per share(650%)Dividend
24/04/2017	29/06/2017	Final	550%	Rs.11.0000 per share(550%)Dividend

22/04/2016	29/06/2016	Final	475%	Rs.9.5000 per share(475%)Dividend
23/04/2015	02/07/2015	Final	400%	Rs.8.0000 per share(400%)Dividend

IT INDUSTRY

WIPRO

Announcement Date	Ex-Date	Dividend Type	Dividend (%)	Dividend (Rs)	Remarks
25-03-2022	05-04-2022	Interim	250	5.00	Rs.5.0000 per share(250%)Interim Dividend
12-01-2022	21-01-2022	Interim	50	1.00	Rs.1.0000 per share(50%)Interim Dividend
13-01-2021	22-01-2021	Interim	50	1.00	Rs.1.0000 per share(50%)Interim Dividend
14-01-2020	24-01-2020	Interim	50	1.00	Rs.1.0000 per share(50%)Interim Dividend
18-01-2019	29-01-2019	Interim	50	1.00	Rs.1.0000 per share(50%)Interim Dividend
11-01-2018	31-01-2018	Interim	50	1.00	Rs.1.0000 per share(50%)Interim Dividend
10-01-2017	02-02-2017	Interim	100	2.00	Rs.2.0000 per share(100%)Interim Dividend

20-04-2016	11-07-2016	Final	50	1.00	Rs.1.0000 per share(50%)Final Dividend
06-01-2016	25-01-2016	Interim	250	5.00	Rs.5.0000 per share(250%)Interim Dividend
21-04-2015	20-07-2015	Final	350	7.00	Rs.7.0000 per share(350%)Final Dividend
07-01-2015	22-01-2015	Interim	250	5.00	Rs.5.0000 per share(250%)Interim Dividend

TCS

Announcement Date	Ex-Date	Dividend Type	Dividend (%)	Dividend (Rs)	Remarks
13-04-2022	31-05-2022	Final	320	16.00	Rs.16.0000 per share(320%)Final Dividend
13-10-2021	26-10-2021	Interim	300	15.00	Rs.15.0000 per share(300%)Interim Dividend
15-04-2021	31-05-2021	Final	300	15.00	Rs.15.0000 per share(300%)Final Dividend
14-10-2020	23-10-2020	Interim	240	12.00	Rs.12.0000 per share(240%)Interim Dividend
20-04-2020	29-05-2020	Final	190	9.50	Rs.9.5000 per share(190%)Final Dividend

11-10-2019	23-10-2019	Interim	160	8.00	Rs.8.0000 per share(160%)Interim Dividend
12-04-2019	13-06-2019	Final	210	10.50	Rs.10.5000 per share(210%)Final Dividend
11-01-2019	24-01-2019	Special	80	4.00	Rs.4.0000 per share(80%)Special Dividend
16-10-2018	25-10-2018	Interim	140	7.00	Rs.7.0000 per share(140%)Interim Dividend
12-04-2018	14-06-2018	Final	410	20.50	Rs.20.5000 per share(410%)Final Dividend
13-04-2018	14-06-2018	Special	200	10.00	Rs.10.0000 per share(200%)Special Dividend
10-10-2017	31-10-2017	Interim	260	13.00	Rs.13.0000 per share(260%)InterDividend & Buy Back of shares
13-04-2017	01-06-2017	Final	295	14.75	Rs.14.7500 per share(295%)Final Dividend.
16-09-2016	21-10-2016	Interim	220	11.00	Rs.11.0000 per share(220%)Interim Dividend
15-04-2016	09-06-2016	Final	285	14.25	Rs.14.2500 per share(285%)Final Dividend
15-09-2015	16-10-2015	Interim	200	10.00	Rs.10.0000 per share(200%)Interim Dividend

24-04-2015	15-06-2015	Final	590	29.50	Rs.29.5000 per share(590%)Final Dividend (equivalent to Rs. 14.75/- per share after 1:1 bonus issue)

INTREPRETATION

SBI

announcement date of the dividend and

14 days prior and post share prices to the respective dividend announcement date

25/05/2022		03/06/2021		26/05/2017		03/06/2016		28/05/2015	
Prior	Post	Prior	Post	Prior	Post	Prior	Post	Prior	Post
462.05	468.90	437.25	433.60	290.10	284.00	200.55	198.0	280.75	278.15
460.90	468.95	432.55	432.25	283.15	288.85	198.25	210.15	277.15	278.20
462.40	474.60	424.35	427.20	288.85	288.30	204.95	210.70	277.65	266.25
447.50	468.10	422.05	421.45	294.30	287.45	198.85	209.95	282.45	257.40
458.00	468.30	425.20	432.25	308.00	287.05	195.90	205.95	290.25	257.60
467.30	469.85	413.55	429.60	302.95	287.05	184.15	201.80	292.60	257.80
455.00	464.50	412.35	430.35	307.65	287.25	175.10	207.70	288.45	254.95
444.65	463.70	401.20	429.50	307.50	290.55	169.50	216.05	289.75	257.60
462.65	463.40	384.55	425.95	301.40	288.60	168.40	216.00	287.45	260.60
476.55	471.30	384.40	420.25	297.90	288.55	171.35	213.45	280.95	2545.00

Axis Bank

07/07/2022		04/07/2019		06/07/2017		07/07/2016		09/07/2015	
Prior	Post	Prior	Post	Prior	Post	Prior	Post	Prior	Post
657.95	669.15	806.20	806.10	513.90	503.15	539.70	546.45	576.65	581.95
648.50	679.85	802.60	782.90	508.40	509.95	543.85	544.40	586.20	583.90
654.35	676.20	810.45	786.20	517.25	506.80	542.90	561.00	584.20	584.00
643.95	679.90	808.55	769.25	517.35	506.75	533.50	556.85	585.95	608.65
636.80	668.25	800.55	766.40	512.10	511.90	517.85	560.25	584.00	602.10
625.55	663.20	788.60	755.80	492.00	512.95	514.00	565.05	578.65	599.90
642.35	684.50	781.65	749.75	492.85	510.50	514.45	571.00	558.95	584.65
637.10	700.60	762.85	761.05	504.65	516.55	510.50	565.45	563.70	589.85
634.0	705.70	771.05	752.60	508.00	520.20	526.40	558.25	565.50	583.75
629.35	715.55	771.70	740.40		540.00		538.05	570.05	

HDFC Bank

12/05/2022		29/06/2021		01/08/2019		20/06/2019	
Prior	Post	Prior	Post	Prior	Post		
1348.60	1291.35	1508.35	1497.90	1125.82	1107.18	1214.18	1207.10
1341.05	1305.10	1515.10	1486.75	1126.13	1089.63	1208.63	1208.97
1319.85	1314.00	1506.25	1486.40	1122.15	1094.55	1211.00	1214.35
1317.60	1313.96	1485.50	1495.45	1138.65	1098.00	1217.55	1233.95
1352.95	1287.05	1483.80	1534.70	1143.03	1116.57	1222.35	1231.15
1356.00	1320.95	1488.70	1539.50	1140.45	1141.00	1213.53	1221.88
1403.70	1304.00	1479.80	1520.45	1131.75	1110.18	1224.20	1242.78
1384.60	1318.95	1466.10	1502.00	1148.63	1114.72	1220.10	1247.50
1371.35	1328.80	1484.60	1487.00	1187.82		1223.82	1244.78
	1366.70	1490.25	1501.85	1205.95		1211.68	1241.90

3/05/2018		29/06/2017		29/06/2016		02/07/2015	
Prior	Post	Prior	Post	Prior	Post	Prior	Post
1024.18	1055.30	833.22	826.03	583.47	588.22	536.17	537.13
1016.30	1023.10	833.83	829.30	579.97	587.25	533.58	541.75
1021.10	1031.80	839.33	826.67	580.95	586.40	528.33	543.75
1004.35	1028.68	849.00	824.38	595.05	582.80	531.42	543.42
993.00	1031.10	849.35	829.08	585.75	592.83	532.50	543.42
983.75	1024.68	843.28	833.60	583.33	587.42	522.90	545.38
994.95	1021.15	846.45	838.17	586.03	599.88	526.05	548.08
996.53	1021.92	834.63	840.20	585.00	601.08	523.58	545.92
1006.08	1015.72	832.17	840.63	581.08	598.88	515.25	548.35
1013.88	1018.70		841.78	584.78		509.80	557.35

Wipro

05/04/2022		21/01/2022		22/01/2021		24/01/2020	
Prior	Post	Prior	Post	Prior	Post	Prior	Post
605.00	593.85	615.20	572.75	445.80	437.25	248.70	245.35
591.70	580.85	621.15	562.70	444.95	446.45	245.85	244.05
600.00	583.65	633.30	544.75	430.25	431.90	247.10	246.75
605.10	571.10	646.65	552.15	431.55	417.90	248.00	240.70
603.00	558.70	639.80	572.60	438.55	421.50	251.10	236.80
608.00	559.20	649.75	576.65	454.35	428.35	250.45	237.40
611.00	538.60	691.35	588.00	459.00	433.50	248.25	240.25
607.00	530.45	694.15	578.25	457.70	429.90	257.80	242.25
613.95		693.50	571.75	446.80	425.55	251.75	243.65
603.40		711.50		430.20		253.65	243.95

29/01/2019	31/01/2018	02/02/2017	11/07/2016
Prior Post	Prior Post	Prior Post	Prior Post
266.36 272.44	230.48 225.56	171.00 171.66	210.62 215.23
265.09 276.90	233.36 225.45	171.75 172.91	209.85 213.98
263.81 278.66	233.96 224.06	174.66 171.96	211.86 207.94
263.66 278.44	235.46 220.99	174.58 172.69	210.64 206.98
259.88 276.34	236.44 217.01	177.64 174.75	209.59 205.97
259.61 279.15	241.16 213.75	180.56 175.97	209.23 202.07
251.55 280.20	246.71 216.71	179.91 177.92	207.96 203.25
252.41 279.53	244.01 220.09	179.21 178.76	203.40 201.66
247.35 279.79	244.28	179.63 178.01	205.50 203.57
234.41 281.25		180.30	

25/01/2016	20/01/2015	22/001/2015	31/05/2022
Prior Post	Prior Post	Prior Post	Prior Post
206.29 205.22	213.13 216.23	220.76 225.68	3375.25 3455.20
206.55 205.22	215.74 219.23	221.40 224.46	3261.30 3423.00
203.46 211.05	216.66 220.89	219.08 227.72	3226.95 3440.15
203.25 213.06	212.03 212.53	208.14 226.01	3167.65 3430.95
205.18 212.72	209.87 210.62	209.81 227.46	3288.00 3362.70
203.66 209.19	205.74 208.74	206.98 234.41	3321.75 3404.15
204.47 209.98	204.34 211.84	211.31 234.41	3293.00 3427.10
204.94 209.21	207.28 210.75	208.14 233.08	3261.95 3359.90
205.84 204.38	207.68 213.69	207.56 232.20	3448.80 3219.60
201.54	206.27 213.90	204.38 239.34	3451.60 3210.55

TCS

26/10/2021 Prior Post	31/05/2021 Prior Post	23/10/2020 Prior Post	29/05/2020 Prior Post
3492.95 3489.75	3143.60 3153.00	3498.85 3492.85	2004.30 2045.25
3498.85 3421.65	3180.00 3129.45	3532.50 3482.95	2005.30 2047.15
3532.50 3397.75	3158.00 3141.25	3608.85 3489.75	1943.00 2046.15
3608.85 3484.20	3144.00 3143.75	3634.15 3421.65	2020.35 2091.55
3634.15 3492.25	3081.50 3183.20	3647.15 3397.75	1991.20 2048.25
3647.15 3508.65	3080.50 3200.15	3611.45 3476.40	1953.60 2071.75.
3611.45 3502.75	3060.00 3200.25	3655.20 3484.20	1948.65 2072.05
2655.20 3505.70	3082.00 3216.80	3652.85 3492.25	1945.60 2108.75
2652.85	3088.80 3273.80	3685.60 3508.65	1892.90 210.75
	3069.75 3276.35		2067.65 2039.50

23/01/2019 Prior Post	13/06/2019 Prior Post	24/01/2019 Prior Post	25/10/2018 Prior Post
2051.40 2082.00	2260.90 2254.50	1875.60 1920.80	1848.50 1799.10
2057.35 2124.95	2252.80 2249.20	1901.90 1955.00	1843.65 1871.00
2030.95 2115.70	2231.50 2250.85	1908.70 1981.75	1903.00 1894.80
2046.40 2194.85	2181.75 2259.90	1900.65 2082.40	1913.20 1938.15
2037.30 2252.80	2166.10 2277.95	1894.30 2014.10	1929.40 1935.75
2021.00 2269.65	2183.10 2249.85	1870.15 2029.95	1962.30 1913.45
1986.85 2200.90	2242.30 2275.50	1867.80 2050.25	1949.50 1890.85
2004.45 2193.95	2196.55 2267.80	1813.25 2044.55	1918.30 1932.70
2020.10 2201.85	2146.30 254.20	1842.55 2074.80	1979.95 1942.15
2188.50	2252.55	1888.55 2084.90	1909.20

14/06/2018	31/10/2017	01/06/2017	21/10/2016
1824.10 1840.05	1308.10 1301.43	1273.30 1282.45	1200.57 1213.85
1781.00 1829.00	1292.15 1313.07	1275.55 1301.97	1197.55 1199.22
1749.70 1824.50	1269.43 1310.05	1286.43 1348.00	1200.10 1198.13
1747.10 1822.45	1279.95 1332.78	1289.13 1307.63	1181.22 1209.05
1735.55 1819.35	1289.20 1355.03	1312.30 1260.80	1183.22 1199.35
1725.75 1809.80	1293.95 1367.50	1279.57 1253.50	1164.45 1175.00
1721.75 1819.25	1291.95 1368.20	1260.85 1243.60	1190.15 1152.03
1744.25 1852.00	1293.30 1354.38	1265.68 1225.78	1183.90 1152.72
1732.45 1858.00	1297.28 1379.47	1253.57 1235.10	1165.28
1741.05 1842.70	1357.30	1268.10 1205.60	

09/06/2016	16/10/2015	15/06/2015
1306.55 1277.88	1233.88 1244.38	1252.90 1252.40
1315.57 1273.50	1241.85 1263.38	1285.65 1256.00
1306.25 1267.43	1299.28 1265.00	1300.38 1265.90
1314.78 1278.43	1296.30 1268.57	1280.82 1265.03
1325.07 1279.15	1314.82 1268.28	1288.72 1274.78
1316.78 1301.30	1316.90 1265.55	1287.93 1295.75
1284.70 1329.65	1326.97 1264.55	1302.82 1287.30
1318.20 1325.60	1350.00 1247.68	1305.45 1285.15
1286.32 1333.82	1355.82 1247.60	1299.95 1275.00

CHAPTER 5

FINDINGS AND CONCLUSION

FINDINGS

From the above analysis we could derive that there is a volatility in the stock price which is depends upon the dividend declared by the company.

SBI

Dividend announcement date	25-05-2022	03-06-2021	26-05-2017	03-06-2016	28-05-2015
Standard Deviation	8.155625368	15.50376487	8.3244435	15.6874158	13.21688071

As the standard deviation is high for SBI there is positive impact of the shares after the announcement of the dividend.

AXIS

Dividend announcement date	07-07-2022	04-07-2019	06-07-2017	07-07-2016	09-07-2015
Standard Deviation	10.20100	21.8328355	10.2591487	19.11685098	12.618144

As the standard deviation is high for AXIS there is positive impact of the shares after the announcement of the dividend.

HDFC

Dividend announcement date	12-05-2022	29-06-2021	01-08-2019	20-06-2019
Standard Deviation	32.00857098	18.48617887	29.96877607	13.49250958

Dividend announcement date	03-05-2018	29-06-2017	29-06-2016	02-07-2015
Standard Deviation	16.38119598	7.51074276	6.526480429	12.10320979

As the standard deviation is high for HDFC there is positive impact of the shares after the announcement of the dividend.

WIPRO

Dividend announcement date	05-04-2022	21-01-2022	22-01-2021	24-01-2020	29-01-2019	31-01-2018
Standard Deviation	25.4070574	53.40586296	11.9242155	5.340155724	13.28898051	10.32994461

Dividend announcement date	02-02-2017	11-07-2016	25-01-2016	20-01-2015	22-01-2015
Standard Deviation	3.334873065	4.008282438	3.316480732	4.488678858	10.32462436

As the standard deviation is high for HDFC there is positive impact of the shares after the announcement of the dividend.

TCS

Dividend announcement date	31-05-2022	26-10-2021	31-05-2021	23-10-2020	29-05-2020	23-01-2019
Standard Deviation	93.9864611	296.243456	63.20947896	88.00256425	408.1566808	90.71295444

Dividend announcement date	13-06-2019	24-01-2019	25-10-2018	14-06-2018	31-10-2017	01-06-2017
Standard Deviation	455.695658	87.3367657	44.28455733	48.04842568	34.36670723	24.95878095

Dividend announcement date	21-10-2016	09-06-2016	16-10-2015	15-06-2015
Standard Deviation	23.4630454	21.93021527	37.71090032	17.63023643

As the standard deviation is high for TCS there is positive impact of the shares after the announcement of the dividend.

Performance of the Company

SBI

Dividend announcement date	25-05-2022	03-06-2021	26-05-2017	03-06-2016	28-05-2015
Stock price on dividend announcement date	454.1	401.2	288.45	196.6	277.6
Stock price on post dividend announcement date	468.9	412.05	284	198.9	278.15
Profit\Loss	3.2591940	2.70438683	-1.542728	1.1698880	0.19812680

AXIS

Dividend announcement date	07-07-2022	04-07-2019	06-07-2017	07-07-2016	09-07-2015
Stock price on dividend announcement date	658.15	808.85	509.5	542.25	571.7
Stock price on post dividend announcement date	669.15	806.1	503.15	546.45	581.95
Profit\Loss	1.67135152	-0.33998887	-1.24631992	0.774550484	1.79289837

HDFC

Dividend announcement date	12-05-2022	29-06-2021	01-08-2019	20-06-2019	03-05-2018
Stock price on dividend announcement date	1303.05	1502.05	1110.9	1213.18	1069.72
Stock price on post dividend announcement date	1291.35	1497.9	1107.18	1207.1	1055.3

Profit\Loss	-0.89789340	-0.27628907	-0.33486362	-0.50116223	-1.34801630

Dividend announcement date	29-06-2017	29-06-2016	02-07-2015
Stock price on dividend announcement date	831.53	584.15	529.1
Stock price on post dividend announcement date	826.03	588.22	537.13
Profit\Loss	-0.66143134	0.696738851	1.517671518

WIPRO

Dividend announcement date	05-04-2022	21-01-2022	22-01-2021	24-01-2020	29-01-2019
Stock price on dividend announcement date	599.15	605.05	444.75	247.6	269.55
Stock price on post dividend	593.55	572.75	437.25	245.35	272.44

announcement date					
Profit\Loss	-0.93465743	-5.33840178	-1.68634064	-0.90872374	1.0721572

Dividend announcement date	29-01-2019	31-01-2018	11-07-2016	25-01-2016	20-01-2015	22-01-2015
Stock price on dividend announcement date	228.53	170.87	213.32	205.14	213.23	222.96
Stock price on post dividend announcement date	225.56	171.66	215.23	1207.1	1055.3	225.68
Profit\Loss	-1.2996	0.46233979	0.8953684	0.038997	1.4069314	1.21994

TCS

Dividend announcement date	31-05-2022	26-10-2021	31-05-2021	23-10-2020	29-05-2020
Stock price on dividend announcement date	3364.35	3482.6	3159.15	2686.8	1972.35

Stock price on post dividend announcement date	3355.2	3489.75	3153	3492.85	2045.25
Profit\Loss	-0.27196933	0.20530638	-0.19467261	30.00037219	3.696098563

Dividend announcement date	23-01-2019	13-06-2019	24-01-2019	25-10-2018	14-06-2018
Stock price on dividend announcement date	2070.1	2254.1	1901.55	1853	1787.55
Stock price on post dividend announcement date	2082	2254.5	1920.8	1799.1	1840.05
Profit\Loss	0.574851456	0.017745442	1.012332045	-2.90879654	2.936980784

Dividend announcement date	31-10-2017	01-06-2017	21-10-2016	09-06-2016	16-10-2015	15-06-2015
Stock price on dividend anouncement date	1312	1276.8	1214.32	1288.63	1236	1252.9
Stock price on post dividend anouncement date	1301.43	1282.45	1213.85	1277.88	1244.38	1252.4
Profit\Loss	-0.8056402	0.442512531	-0.0387047	-0.834219	0.6779935	-0.0399

5.2 CONCLUSION:

From the above analysis we can conclude that as standard deviation is high for the given stock due to the announcement of the Dividend. Which indicates due to the announcement of the Dividend the stocks are phasing the High Volatility in both the banking and IT Industry.

We can also concluded that the performance of the company is also gets effected due to the announcement and declaration of the dividend. If there is positive impact of the company performance due to the announcement of Dividend the company is enjoying profits. If there is any negative impact of the performance of the company due to the announcement of the dividend the company is incurring Loses. Dividends can affect the price of their underlying stock in a variety of ways. While the dividend history of a given stock plays a general role in its popularity, the declaration and payment of dividends also have a specific and predictable effect on market prices

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