Share price sensitivity towards dividend announcement on nifty listed companies

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Abstract:

Dividend announcement is one of the key factors that influences the fluctuation in the share prices. The dividend is the cost of capital to equity shareholders. In recent years the securities and exchange board of India (SEBI) has initiated a number of reforms to make the Indian stock market at par with developed stock markets of the world. Dividend signals information to investors about the firm's future performance.

The impact of dividend announcements on share prices is likely to vary depending on the specific circumstances of each company and the overall market environment. On the one hand, dividend announcements can signal to investors that a company is financially strong and has a positive outlook for the future.

The purpose of this project is to observe whether dividend announcement has impact on share prices of the Nifty listed companies. The objective of this study is to know the impact of dividend announcement on share price in Nifty Listed Companies. In order to achieve the objective of the study, the secondary data was collected through NSE Website. After the data collection, the data was analysed using Paired t-Test.

The major findings from the project are few of the companies show impact of Dividend Announcement while most companies don't show impact of Dividend Announcement. So, it can be concluded that the overall, there is no impact of Dividend Announcement on Share price of Nifty Listed Companies. Investors should carefully consider a company's overall financial financial health, dividend policy and long-term growth prospects before making investment decisions based on dividend announcements.

Keywords:

Dividends, Share price, Nifty stocks, paired T test,

1. Introduction:

Stock market swing is the result of stock market investor reaction. These responses are based on many things that investors take into account, which leads to a demand and supply phenomenon for a certain share and subsequent share price changes. Dividend announcement is one of the key factors that influences the fluctuation in the share prices. The dividend is the cost of capital to equity shareholders. In recent years the securities and exchange board of India (SEBI) has initiated a number of reforms to make the Indian stock market at par with developed stock markets of the world. One of such reforms is compulsory quarterly, annually earnings announcement and dividend announcements. Dividend signals information to investors about the firm's future performance. The impact of dividend announcements on share prices is likely to vary depending on the specific circumstances of each company and the overall market environment. If the dividend announcement has an impact on the market price of the shares, the market will react positively, if not negatively. On the one hand, dividend announcements can signal to investors that a company is financially strong and has a positive outlook for the future. This can lead to increased demand for the company's shares, which can drive up the share price. On the other hand, dividend payments can also reduce the amount of money that a company has available to reinvest in its operations. This can lead to slower growth in the long term, which can have a negative impact on the share price. The purpose of this project is to observe whether dividend announcement has impact on share prices on the Indian listed companies in Nifty.

2. Literature Review:

2.1. Thanawarat Suwanna "Impacts of dividend announcement on stock return"

Journal published in: Procedia- Social and behavioural sciences:

Year of publication: 2012

This study focuses on the impact of dividend announcement of the 60 Thai companies in financial industry listed in the Stock Exchange of Thailand (SET) during the period 2005-2010. (Suwanna, 2012)

Findings:

- The stock prices move upward significantly after dividend announcements. Abnormal

return (AR) and cumulative abnormal return (CAR) from the market model are statistically significantly revealed.

- The results confirm dividend signalling theory as the dividend announcements have significant impact on share prices.

2.2. Neetu Mehndiratta & Shuchi Gupta "Impact of dividend announcement on stock prices"

Journal published in: International Journal of Information Technology and Knowledge Management:

Year of publication: 2010

The present study attempts to contribute positively to the understanding of the behaviour of Indian share prices in relation to the dividend announcements. This paper to examine the price reactions of 15 listed companies surrounding sixty days of the announcement dates. (Mehndiratta, 2010)

2.2.1. Findings:

- Despite of investors do not gain significant value in the period preceding as well as on the dividend announcement day, yet they can gain value in the post announcement period.

- Investors do shift their security positions at the time of dividend announcement, which indicate that in post announcement period there is a possibility of information content in dividend announcement in NSE.

2.3. Glordon Newlove Asamoah "Impact of dividend announcement on share price behaviour in Ghana"

Journal published in: Journal of Business and Economics Research:

Year of publication: 2010

The purpose of the study was to ascertain whether there was an instantaneous reaction of the companies' share prices to dividend announcement in order to provide the basis for confirming or dispelling the EMH conclusions as far as the Ghana Stock Exchange was concerned. (Asamoah, 2010)

2.3.1. Findings:

- The major finding was that the GSE was not semi-strong efficient resulting in the conclusion that the GSE must address itself to three forms of efficiency – operational efficiency, allocation efficiency and pricing efficiency.

2.4. Muhammad Aamir "Dividend announcements and the abnormal stock returns for the event firm and its rivals"

Journal published in: Austrian Journal of Business and Management Research:

Year of publication: 2011

Event study has been conducted in this paper on 26 announcements and the firms were belonging to cement and oil and gas sector of Pakistan. In this study data span of 2004-2008 has been covered. Impact of dividend announcement on stock prices of event and rival firms. (Aamir, 2011)

2.4.1. Findings:

- Dividend announcement depicts positive impact on share prices of the companies at the time of announcement as well as immediately after such announcements.

2.5. Nikunj Patel "Impact of Dividend Announcement on the stock prices of Indian Companies: An Empirical Evidence"

Journal published in: ELK Asia Pacific Journals:

Year of publication: 2014

This study aims to find the empirical evidences of stock dividend announcement on selected 20 companies of Indian stock market and try to investigate the existence of abnormal returns. Sample data was drawn from companies listed on the BSE that have announced dividend over the period January 2008 through December 2011. (Patel, 2014)

2.5.1. Findings:

- The results of paired t-test for means have shown that there are significant differences in average number of transactions before and after announcement during the period 2008 to 2011 for the companies like HUL, ITC, Jaiprakash, L & T, Reliance Industry, SBI, Tata Motor, and Wipro.

2.6. Md. Abdullah Al-Hasan "The effect of dividend policy on share price: An evaluative Study"

Journal published in: Journal of Economics and Finance:

Year of publication: 2011

The current study has been undertaken aiming at evaluating the effect of dividend policy on market price of share in the context of Bangladesh. The study has covered secondary data and analyzed the data by employing descriptive statistics, correlation and multiple regression models. (Al-Hasan, 2011)

2.6.1. Findings:

- The effect of dividend payout is more on market price than retention.

- The highly payout industries have more MPPS than low payout industries.

- The effect of dividend policy on market price supports the relevant theory of dividend policy i.e. Walter's model and Gordon's model.

2.7. Shaveta Gupta "Stock price Reaction to dividend annnouncements"

Journal published in: International Journal of Financial Management:

Year of publication: 2012

In this background, the present study is an attempt to study the stock price reaction to 65 dividend announcements (increase) by 28 companies during the period 2006-09 listed on BSE 30 Sensex. The analysis had been undertaken using Event study methodology. (Gupta, 2012)

2.7.1. Findings:

- The stock prices do react to increase in dividend announcements and dividend announcements do possess signalling property.

- The study also found out that Indian stock market is inefficient.

2.8. T. Mallikarjunappa "Stock price Reaction to dividend announcements"

Journal published in: Journal of management & public policy:

Year of publication: 2009

This paper examines the stock price reactions to dividends, one of the publicly available information, to test the semi-strong form of EMH. The study is based on the dividend announcements of 149 companies which are part of the BSE-200 Index that announced dividends for the financial year 2002. To test the stock price reactions, the expected returns are found out by regressing the daily returns of companies and market index for the period January 1998 up to the relevant date applicable to companies. (T.Malllikarjunappa, 2009)

2.8.1. Findings:

- The AARs do not approximate to zero and CAARs show wide fluctuations indicating that abnormal returns can be earned several days after the event day.

- CAARs show that abnormal returns can be earned 24 days after the event day. From this we conclude that Indian market is not efficient in the semi-strong form.

2.9. Narindra Pal Singh "The effect of Dividend Policy on stock price: Evidence from the Indian Market"

Journal published in: Asia-Pacific Journal of Management Research & Innovation:

Year of publication: 2019

The present study has been undertaken to evaluate the effect of dividend policy on market prices of shares of Nifty 50 companies listed on the National Stock Exchange (NSE) for 2008–2017. The data have been analysed by employing multiple panel data regression models namely pooled regression, fixed effect model and random effect model. The Hausman test has been used to suggest the most appropriate regression model. (singh, 2019)

2.9.1. Findings:

- The random effect regression model supports the relevant approaches of dividend policy. So, there is significant effect of dividend policy on the stock price of firms.

2.10. Dona Ganeesha Priyangika Kaluarachchi "Impact of Dividend Announcement on stock price: Empirical Evidence of Colombo Stock Exchange"

Journal published in: Journal of Accounting, finance and Auditing studies:

Year of publication: 2019

The present study is an attempt to study the price reaction of 161 dividend announcements by 19 companies during the period 2013 to 2017 listed S & P 20 companies in CSE. The analysis had been developed using event study method. (Kaluarachchi, 2019)

2.10.1. Findings:

- The stock prices do react to dividend announcements and dividend announcements made the difference between share price prior to the dividend announcement and share price after dividend announcement.

3. Title of the Study:

"A Study on dividend announcement and its impact on share price of nifty listed companies":

3.1. Objectives:

- To know the impact of dividend announcement on share price in Nifty listed companies.

- To know the dividend declared by the companies in the last 3 years.

- To know the yearly effects of the Dividend Announcement.

- To analyze the percentage change in the share price on account of dividend announcement.

3.2. Hypotheses:

Ho: Dividend Announcement has no significant impact on share price of Nifty Listed Companies.

Ha: Dividend Announcement has a significant impact on share price of Nifty Listed companies.

4. Research Methodology:

4.1. Purpose of the study:

This study helps to know the impact on share price one week before and week after the date of announcement of dividend for the period of 3 years i.e., 2021 to 2023

4.2. Data Collection:

Secondary data relating to company profile, industry overview, review of literature, historical share prices of nifty companies has been collected from NSE website, research journal, company website etc.

4.3. Sampling:

For the purpose of the study, I have selected Nifty Indian listed companies representing diverse sector of industry. I have collected the share prices of one week before and one week after the date of announcement of dividend, for a period of 3 years i.e., 2021 to 2023. Out of 50 nifty listed companies, I have selected 30 companies for the study.

4.4. Tools used:

- Simple statistical tools like percentage and graph have been used for the analysis

- Paired T test with two sample means is used to determine impact of dividend announcement on share price (Pre-announcement share price and post announcement share price)

5. Analysis and Interpretation:

Table 1: Summary Result of Paired t-Test for Pre and Post Announcement of Dividend for the year 2021						
S.NO	Company	Sector	Pre-Dividend Announcement Share Price	Post-Dividend Announcement Share Price	T-Stat p value	Hypothesis
1	Bajaj FinServ Ltd	Financial Services	10477.48	11101.02	0.0000	Reject H0
2	Bajaj Finance Ltd	Financial Services	4627.77	5489.78	0.0000	Reject H0
3	Titan Company Ltd	Consumer Durables	1495.39	1441.85	0.00167	Reject H0

4	Tata consumer products Ltd	FMCG	666.22	642.17	0.02522	Reject H0
5	ITC Ltd	FMCG	211.81	210.52	0.32146	Accept H0
6	UPL Ltd	Chemicals	641.58	771.75	0.0000	Reject H0
7	Infosys Ltd	IT	1422.13	1349.22	0.00014	Reject H0
8	JSW Steel Ltd	Metals & Mining	583.83	636.23	0.00386	Reject H0
9	Tata consultancy services	IT	3251.06	3150.4	0.02743	Reject H0
10	Maruti Suzuki Ltd	Automotive	7243.30	7532.2	0.05572	Accept H0
11	Tech Mahindra Ltd	IT	986.68	966.06	0.02082	Reject H0
12	Grasim Industries Ltd	Construction materials	1386.05	1432.12	0.02744	Reject H0
13	Sun pharma	Healthcare	694.61	673.05	0.00036	Reject H0
14	Tata steel	Metals & Mining	1011.97	1170.8	0.00064	Reject H0
15	Mahindra & Mahindra Ltd	Automotive	811.15	805.54	0.35697	Accept H0
16	ICICI Bank Ltd	Banking	567.25	604.73	0.00028	Reject H0
17	Hindal Co	Manufacturing	396.85	389.15	0.09328	Accept H0

18	Ultratech Cement Ltd	Construction materials	6350.65	6485.31	0.00914	Reject H0
19	Hero MotoCorp Ltd	Automobile and auto components	2838.45	2849.95	0.68525	Accept H0
20	NTPC Ltd	Power	117.72	117.1	0.45093	Accept H0
21	Apollo Hospitals EnterprisesLtd	Healthcare	3285.25	3531.29	0.02573	Reject H0
22	Dr. Reddy's Laboratories Ltd	Healthcare	5213.75	5248.52	0.35088	Accept H0
23	Reliance Industries Ltd	Oil gas & Consumable fuels	1951.39	1929.96	0.31738	Accept H0
24	PowerGrid Corp Ltd	Electric Utility	243.22	232.57	0.0031	Reject H0
25	LTIMindtree Ltd	IT	3900.07	3720.1	0.00465	Reject H0
26	Larsen and Toubro Ltd	Construction	1360.39	1418.5	0.00013	Reject H0
27	Nestle India Ltd	FMCG	17288.09	16319.37	0.00019	Reject H0
28	Asian paints Ltd	Consumer Durables	2564.4	2805.81	0.0000	Reject H0
29	Coal India	Oil gas & Consumable fuels	155.7	150.84	0.1461	Accept H0
30	Hindustan Unilever Ltd	FMCG	2376.9	2399.73	0.29727	Accept H0

5.1. Interpretation:

From the summary table 31 of t-Test for the year 2021 it is found that out of 30 companies selected for study 20 companies have the significance value less than 0.05 for the year 2021 so the H0 is rejected, which states that there is an impact of Dividend announcement on the share price for the following companies i.e., Bajaj FinServ Ltd, Bajaj Finance Ltd, Titan Ltd, TCS Ltd, UPL Ltd, Infosys Ltd, JSW Steel ltd, TCS Ltd, Tech Mahindra, Grasim Industries Ltd, Sun pharma, Tata Steel, ICICI Bank Ltd, Ultra Tech Cement Ltd, Apollo Hospitals, PowerGrid Corp, LTIMindtree, L & T, Nestle, Asian Paints Ltd.

**Table 2: Summary Result of Paired t-Test for Pre and Post Announcement of Dividend for the year 2022**
S.NO	**Company**	**Sector**	**Pre-Dividend Announcement Share Price**	**Post-Dividend Announcement Share Price**	**T-Stat p value**	**Hypothesis**
1	Bajaj FinServ Ltd	Financial Services	15333.85	14038.26	0.0001	Reject H0
2	Bajaj Finance Ltd	Financial Services	7162.33	6484.17	0.00011	Reject H0
3	Titan Company Ltd	Consumer Durables	2480.73	2149.46	0.00001	Reject H0
4	Tata consumer products Ltd	FMCG	812.68	753.25	0.00029	Reject H0
5	ITC Ltd	FMCG	258.37	272.8	0.00038	Reject H0
6	UPL Ltd	Chemicals	815.73	795.59	0.13416	Accept H0
7	Infosys Ltd	IT	1546.06	1472.63	0.00184	Reject H0
8	JSW Steel Ltd	Metals & Mining	575.67	563.79	0.58531	Accept H0

9	Tata consultancy services	IT	3744.13	3593	0.01202	Reject H0
10	Maruti Suzuki Ltd	Automotive	7551.47	7856.73	0.0000	Reject H0
11	Tech Mahindra Ltd	IT	1243.94	1148.54	0.00098	Reject H0
12	Grasim Industries Ltd	Construction materials	1471.37	1414.78	0.00159	Reject H0
13	Sun pharma	Healthcare	906.56	854	0.00013	Reject H0
14	Tata steel	Metals & Mining	1257.9	1195.07	0.13413	Accept H0
15	Mahindra & Mahindra Ltd	Automotive	926.59	1039.77	0.00002	Reject H0
16	ICICI Bank Ltd	Banking	759.39	739.27	0.00167	Reject H0
17	Hindal Co	Manufacturing	417.34	412.12	0.35221	Accept H0
18	Ultratech Cement Ltd	Construction materials	6688.34	6384.01	0.00043	Reject H0
19	Hero MotoCorp Ltd	Automobile and auto components	2428.76	2478.3	0.39762	Accept H0
20	NTPC Ltd	Power	148.64	151.6	0.13615	Accept H0
21	Apollo Hospitals	Healthcare	3697.61	3781.26	0.19134	Accept H0

	Enterprise Ltd					
22	Dr. Reddy's Laboratories Ltd	Healthcare	3900.07	4320.5	0.0000	Reject H0
23	Reliance Industries Ltd	Oil gas & Consumable fuels	2754.15	2460.65	0.00018	Reject H0
24	PowerGrid Corp Ltd	Electric Utility	233.04	227.72	0.09069	Accept H0
25	LTIMindtree Ltd	IT	6081.1	4959.6	0.0000	Reject H0
26	Larsen and Toubro Ltd	Construction	1624.05	1579.45	0.00013	Reject H0
27	Nestle India Ltd	FMCG	18036.91	17893.15	0.21227	Accept H0
28	Asian paints Ltd	Consumer Durables	3126.25	3050.64	0.12314	Accept H0
29	Coal India	Oil gas & Consumable fuels	182.22	190.92	0.01305	Reject H0
30	Hindustan Unilever Ltd	FMCG	2147.09	2187.31	0.09667	Accept H0

5.2. Interpretation:

From the summary table 32 of t-test for the year 2022 it is found that out of 30 companies selected for study 19 companies have the significance value less than 0.05 for the year 2022 so the H0 is rejected, which states that there is an impact of Dividend announcement on the share price for the following companies i.e., Bajaj FinServ Ltd, Bajaj Finance Ltd, Titan Ltd, Tata consumer Products ltd, ITC Ltd, Infosys Ltd, TCS Ltd, Maruti Suzuki Ltd, Tech Mahindra, Grasim Industries Ltd, Sun pharma, Mahindra & Mahindra, ICICI Bank Ltd, Ultra Tech Cement Ltd, Dr. Reddy's laboratories Ltd, Reliance industries Ltd, LTIMindtree, L & T, Coal India.

Table 3: Summary Result of Paired t-Test for Pre and Post Announcement of Dividend for the year 2023

S.NO	Company	Sector	Pre-Dividend Announcement Share Price	Post-Dividend Announcement Share Price	T-Stat p value	Hypothesis
1	Bajaj FinServ Ltd	Financial Services	1330.97	1371.12	0.00409	Reject H0
2	Bajaj Finance Ltd	Financial Services	5930.52	6335.37	0.00064	Reject H0
3	Titan Company Ltd	Consumer Durables	2629.92	2739.92	0.0000	Reject H0
4	Tata consumer products Ltd	FMCG	711.00	768.18	0.00037	Reject H0
5	ITC Ltd	FMCG	424.19	431.67	0.0454	Reject H0
6	UPL Ltd	Chemicals	731.64	680.68	0.00026	Reject H0
7	Infosys Ltd	IT	1420.9	1235.97	0.0000	Reject H0
8	JSW Steel Ltd	Metals & Mining	700.36	700.22	0.96369	Accept H0
9	Tata consultancy services	IT	3583.41	3448.5	0.36791	Accept H0
10	Maruti Suzuki Ltd	Automotive	8613.62	8790.3	0.15507	Accept H0

11	Tech Mahindra Ltd	IT	1008.43	1041.39	0.00379	Reject H0
12	Grasim Industries Ltd	Construction materials	1709.23	1724.38	0.20288	Accept H0
13	Sun pharma	Healthcare	1034.84	1069.9	0.00012	Reject H0
14	Tata steel	Metals & Mining	107.16	109.47	0.00383	Reject H0
15	Mahindra & Mahindra Ltd	Automotive	1265.22	1349.21	0.00036	Reject H0
16	ICICI Bank Ltd	Banking	928.64	949.2	0.00179	Reject H0
17	Hindal Co	Manufacturing	410.15	412.08	0.6065	Accept H0
18	Ultratech Cement Ltd	Construction materials	7455.39	7612.82	0.01831	Reject H0
19	Hero MotoCorp Ltd	Automobile and auto components	2509.96	2597.77	0.00437	Reject H0
20	NTPC Ltd	Power	176.57	175.04	0.14416	Accept H0
21	Apollo Hospitals Enterprise Ltd	Healthcare	4349.05	4536.5	0.00415	Reject H0
22	Dr. Reddy's	Healthcare	4940.47	4475.46	0.0000	Reject H0

	Laboratories Ltd					
23	Reliance Industries Ltd	Oil gas & Consumable fuels	2761.47	2513.2	0.00007	Reject H0
24	PowerGrid Corp Ltd	Electric Utility	242.32	235.58	0.01385	Reject H0
25	LTIMindtree Ltd	IT	4195.26	4513.57	0.00024	Reject H0
26	Larsen and Toubro Ltd	Construction	2368.47	2219.3	0.00001	Reject H0
27	Nestle India Ltd	FMCG	19052.53	18759.83	0.01243	Reject H0
28	Asian paints Ltd	Consumer Durables	3249.13	3265.36	0.29069	Accept H0
29	Coal India	Oil gas & Consumable fuels	234.63	237.76	0.01756	Reject H0
30	Hindustan Unilever Ltd	FMCG	2509.17	2490.65	0.31192	Accept H0

5.3. Interpretation:

From the summary table 33 of t-test for the year 2023 it is found that out of 30 companies selected for study 22 companies have the significance value less than 0.05, so the H0 is rejected, which states that there is an impact of Dividend announcement on the share price for the following companies i.e., Bajaj FinServ Ltd, Bajaj Finance Ltd, Titan Ltd, Tata consumer Products ltd, ITC Ltd, UPL Ltd, Infosys Ltd, Tech Mahindra, Sun pharma, Tata Steel Ltd, Mahindra & Mahindra, ICICI Bank Ltd, Ultra Tech Cement Ltd, Hero MotoCorp, Apollo Hospitals, Dr. Reddy's laboratories Ltd, Reliance industries Ltd, PowerGrid, LTIMindtree, L & T, Nestle, Coal India.

Table 4: Summary Result of Paired t-test Te Pre and Post Announcement of Dividend of announcement for the average of all the 3 years

S.NO	Company	Sector	Pre-Dividend Announcement Share Price	Post-Dividend Announcement Share Price	T-Stat p value	Hypothesis
1	Bajaj FinServ Ltd	Financial Services	9047.44	8836.81	0.7463	Accept H0
2	Bajaj Finance Ltd	Financial Services	5906.87	6103.1	0.7092	Accept H0
3	Titan Company Ltd	Consumer Durables	2202.01	2110.41	0.5507	Accept H0
4	Tata consumer products Ltd	FMCG	729.97	721.2	0.8232	Accept H0
5	ITC Ltd	FMCG	298.12	305	0.2695	Accept H0
6	UPL Ltd	Chemicals	729.65	749.35	0.7585	Accept H0
7	Infosys Ltd	IT	1463.03	1352.6	0.0974	Accept H0
8	JSW Steel Ltd	Metals & Mining	619.95	633.41	0.5661	Accept H0
9	Tata consultancy services	IT	3526.2	3397.3	0.013	Reject H0
10	Maruti Suzuki Ltd	Automotive	7802.79	8059.74	0.0238	Reject H0
11	Tech Mahindra Ltd	IT	1079.68	1051.99	0.5345	Accept H0

12	Grasim Industries Ltd	Construction materials	1522.21	1523.76	0.9641	Accept H0
13	Sun pharma	Healthcare	878.67	865.65	0.6621	Accept H0
14	Tata steel	Metals & Mining	792.34	825.11	0.6677	Accept H0
15	Mahindra & Mahindra Ltd	Automotive	1000.98	1064.84	0.2159	Accept H0
16	ICICI Bank Ltd	Banking	751.76	764.4	0.5366	Accept H0
17	Hindal Co	Manufacturing	408.11	404.45	0.3321	Accept H0
18	Ultratech Cement Ltd	Construction materials	6831.46	6827.38	0.9808	Accept H0
19	Hero MotoCorp Ltd	Automobile and auto components	2592.39	2642.007	0.1531	Accept H0
20	NTPC Ltd	Power	147.64	147.91	0.862	Accept H0
21	Apollo Hospitals Enterprise Ltd	Healthcare	3777.3	3949.68	0.0681	Accept H0
22	Dr. Reddy's Laboratories Ltd	Healthcare	4684.76	4681.49	0.9909	Accept H0

S.NO	Company						
23	Reliance Industries Ltd	Oil gas & Consumable fuels	2489	2301.27	0.1554	Accept H0	
24	PowerGrid Corp Ltd	Electric Utility	239.52	231.95	0.0415	Reject H0	
25	LTIMindtree Ltd	IT	4725.47	4397.75	0.5187	Accept H0	
26	Larsen and Toubro Ltd	Construction	1784.3	1739.08	0.5286	Accept H0	
27	Nestle India Ltd	FMCG	18125.84	17657.45	0.2062	Accept H0	
28	Asian paints Ltd	Consumer Durables	2979.92	3040.6	0.5854	Accept H0	
29	Coal India	Oil gas & Consumable fuels	190.85	193.17	0.6147	Accept H0	
30	Hindustan Unilever Ltd	FMCG	2344.38	2359.23	0.4839	Accept H0	

5.4. Interpretation:

From the summary table 34 of t-test, for overall 3 years it is found that out of 30 companies selected for study 3 companies have the significance value less than 0.05 for all years. so, the H0 is rejected, which states that there is an impact of Dividend announcement on the share price for the following companies i.e., for TCS Ltd, JSW Ltd, PowerGrid Corp Ltd.

Table 35: Showing Dividend percentage on Share Price							
S.NO	Company	**2021**		**2022**		**2023**	
		Dividend % of FV	Dividend (Rs)	Dividend% of FV	Dividend (Rs)	Dividend % of FV	Dividend (Rs)

1	Bajaj Finserv Ltd	60	3.00	80	4.00	80	0.80
2	Bajaj Finance Ltd	500	10.00	1000	20.00	1500	30.00
3	Titan Company Ltd	400	4.00	750	7.50	1000	10.00
4	Tata consumer products Ltd	405	4.05	605	6.05	845	8.45
5	ITC Ltd	575	5.75	625	6.25	675	6.75
6	UPL Ltd	500	10.00	500	10.00	500	10.00
7	Infosys Ltd	300	15.00	320	16.00	350	17.50
8	JSW Steel Ltd	650	6.50	1735	17.35	340	3.40
9	Tata consultancy services	1500	15.00	2200	22.00	900	9.00
10	Maruti Suzuki Ltd	900	45.00	1200	60.00	1800	90.00
11	Tech Mahindra Ltd	300	15.00	300	15.00	640	32.00
12	Grasim Industries Ltd	250	5.00	250	5.00	500	10.00
13	Sunpharma	200	2.00	300	3.00	400	4.00
14	Tatasteel	250	25.00	510	51.00	360	3.60

15	Mahindra & Mahindra Ltd	175	8.75	231	11.55	325	16.25
16	ICICI Bank Ltd	100	2.00	250	5.00	400	8.00
17	Hindal Co	300	3.00	400	4.00	300	3.00
18	Ultratech Cement Ltd	370	37.00	380	38.00	380	38.00
19	Hero Motocorp Ltd	1250	25.00	1750	35.00	1750	35.00
20	NTPC Ltd	31.5	3.15	30	3.00	30	3.00
21	Apollo Hospitals Enterprise Ltd	60	3.00	235	11.75	120	6.00
22	Dr. Reddy's Laboratories Ltd	500	25.00	600	30.00	800	40.00
23	Reliance Industries Ltd	70	7.00	80	8.00	90	9.00
24	Powergrid Corp Ltd	30	3.00	22.5	2.25	47.5	4.75
25	LTIMindtree Ltd	2500	25.00	3000	30.00	4000	40.00

26	Larsen and Toubro Ltd	900	18.00	1100	22.00	1200	24.00
27	Nestle India Ltd	650	65.00	650	65.00	750	75.00
28	Asian paints Ltd	1450	14.50	1550	15.50	515	5.15
29	Coal India	35	3.50	30	3.00	40	4.00
30	Hindustan Unilever Ltd	1700	17.00	1900	19.00	2200	22.00

5.5. Interpretation:

From the table 35 it is observed that top 5 companies with the highest dividend percentage in 2023 are LTIMindtree, Bajaj Finance, Bajaj Finserv, Hero Motocorp, and NTPC. The companies with the consistent increase in dividend percentage are Bajaj Finance, Titan Company, Tata Consumer Products, Infosys, Maruti Suzuki, Tech Mahindra, Grasim Industries, Sun pharma, ICICI Bank, Reliance Industries. The most common dividend percentage is 5.00%, which is paid by 6 companies. Overall, the dividend table shows that Indian companies are paying out a healthy level of dividends to their shareholders.

6. Findings:

- The market price of TCS Ltd, JSW Steel Ltd, PowerGrid Corp Ltd are found to have significant ($\sigma < 0.05$) sensitivity towards the dividend announcements as indicated by the t-test conducted for 3 years.

- Dividend announcement is found to have no impact on market price for the remaining 27 scrips taken for the study.

- The yearly analysis indicates that the market price is sensitive to dividend announcements for the year 2021 it is found that out of 30 companies selected for study 20 companies have the significant impact.

- The yearly analysis indicates that the market price is sensitive to dividend announcements for the year 2022 it is found that out of 30 companies selected for study

19 companies have the significance impact.

• The yearly analysis indicates that the market price is sensitive to dividend announcements for the year 2023 it is found that out of 30 companies selected for study 22 companies have the significance impact.

• From the table 35 it is observed that top 5 companies with the highest dividend percentage in 2023 are LTIMindtree, Bajaj Finance, Bajaj Finserv, Hero Motocorp, and NTPC.

• The companies with the consistent increase in dividend percentage are Bajaj Finance, Titan Company, Tata Consumer Products, Infosys, Maruti Suzuki, Tech Mahindra, Grasim Industries, Sun pharma, ICICI Bank, Reliance Industries. The most common dividend percentage is 5.00%, which is paid by 6 companies. Overall, the dividend table shows that Indian companies are paying out a healthy level of dividends to their shareholders.

7. Conclusion:

The study was conducted for 30 stocks for nifty 50 to know the price sensitivity towards dividend announcement. The study indicates that 27 companies are insensitive to dividend announcements. Only 3 companies that is TCS Ltd, JSW Steel Ltd, PowerGrid Corp Ltd are found to be sensitive towards dividend announcement. The investors can base their investment decisions on profitability trends of the companies rather than the dividends declared. The CFOs and companies should concentrate on ROI, Cost of capital and PAT to increase the market price instead of dividend policy.

8. Suggestions:

• Investors should carefully evaluate a company's dividend policy when making investment decisions. Companies with consistent and growing dividend payouts may offer a more reliable return on investment.

• Investors should not rely solely on dividend announcements as a signal of a company's value. It is crucial to assess the company's overall financial health, growth prospects, and management capabilities.

- Investors may consider seeking guidance from financial advisors to help them make informed decisions about dividend-paying stocks and align their investment strategies with their risk tolerance and financial goals.

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10. Annexures:

Companies with Date of Dividend Announcement

S.NO	Company	2021	2022	2023
1	Bajaj Finserv Ltd	28-04-2021	28-04-2022	27-04-2023
2	Bajaj Finance Ltd	27-04-2021	26-04-2022	26-04-2023
3	Titan Company Ltd	29-04-2021	04-05-2022	03-05-2023
4	Tata consumer products Ltd	06-05-2021	04-05-2022	25-04-2023
5	ITC Ltd	01-06-2021	18-05-2022	18-05-2023
6	UPL Ltd	12-05-2021	09-05-2022	08-05-2023
7	Infosys Ltd	15-04-2021	13-04-2022	13-04-2023
8	JSW Steel Ltd	21-05-2021	27-05-2022	22-05-2023
9	Tata consultancy services	12-04-2021	11-04-2022	29-09-2023
10	Maruti Suzuki Ltd	28-06-2021	29-04-2022	26-04-2023
11	Tech Mahindra Ltd	26-04-2021	13-05-2022	27-04-2023
12	Grasim Industries Ltd	24-05-2021	24-05-2022	26-05-2023
13	Sunpharma	27-05-2021	31-05-2022	07-07-2023
14	Tatasteel	05-05-2021	04-05-2022	02-05-2023
15	Mahindra & Mahindra Ltd	28-05-2021	30-05-2022	26-05-2023
16	ICICI Bank Ltd	26-04-2021	25-04-2022	30-06-2023
17	Hindal Co	21-05-2021	26-05-2022	24-05-2023
18	Ultratech Cement Ltd	07-05-2021	29-04-2022	28-04-2023
19	Hero Motocorp Ltd	06-05-2021	04-05-2022	04-05-2023
20	NTPC Ltd	21-06-2021	20-05-2022	19-05-2023
21	Apollo Hospitals Enterprise Ltd	23-06-2021	25-05-2022	14-02-2023
22	Dr. Reddy's Laboratories Ltd	14-05-2021	19-05-2022	10-05-2023

23	Reliance Industries Ltd	30-04-2021	06-05-2022	21-07-2023
24	Powergrid Corp Ltd	17-06-2021	23-05-2022	19-05-2023
25	LTIMindtree Ltd	04-05-2021	19-04-2022	27-04-2023
26	Larsen and Toubro Ltd	14-05-2021	12-05-2022	10-05-2023
27	Nestle India Ltd	16-02-2021	17-02-2022	16-02-2023
28	Asian paints Ltd	12-05-2021	10-05-2022	15-09-2023
29	Coal India	14-06-2021	25-05-2022	08-05-2023
30	Hindustan Unilever Ltd	29-04-2021	27-04-2022	27-04-2023