Original Research Paper

Management

A STUDY ON DIVIDEND ANNOUNCEMENT IMPACT ON MARKET CAPITALIZATION ACROSS VARIOUS SECTORS OF NSE.

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ABSTRACT
Purpose: The purpose of this research paper is to analyse the effect of dividend announcements on market capitalization of companies.
Design/Methodology: Based on sample of 25 companies belonging to different sectors mean closing prices, 20 days pre and 20 days post dividend announcements were compared using event window study. The significance of difference between them was also measured using paired/dependent t-test.
Findings: The results of research showed than pre announcement mean closing prices were different from post mean closing prices thus impacting the firm's market capitalization to a large extent.
Practical implications: The dividend announcements and its impact on value of firm has always been a puzzle. The results will help in better understanding the impact of dividend announcements on market capitalization of companies in a more simple and concrete manner. The findings of the study have implications for directors, mangers, investors and other participants in stock markets.
Originality/Value: The area of dividend announcement effects has been extensively and intensively researched. One of its kinds, this study will be helpful in abridging the literature gap in exploration of dividend announcement effect in elaborative and sectoral form.

KEYWORDS : Value of firm (Market capitalization), Dividend announcements, Mean closing prices, Investment experience, NSE, Sector, India.

1. Introduction

One of the foremost objectives of every decision taken by a financial manger is maximization of shareholder wealth and value of firm. Wealth of the shareholders and value of firm is represented by the share price of company prevailing in the market. Dividend announcement have significantly high level of bearing on the market prices of the shares, so optimal dividend policy should be designed to enhance value of firm. It is often believed that if companies reduce the amount of dividend or don't pay as per preferences and expectations of the shareholders, share prices gets negatively affected and on the other hand increased dividends cause a positive movement in the share prices. Financial markets positively interpret unexpected dividend changes along with prices, which have been corroborated by so many empirical studies carried to analyze the effects of dividend announcements on share prices. Dividend announcements are a unique and valuable information signal, which has effects on wealth of shareholders. These upward and downward movements are because of signalling effect, which means that the dividends are perceived as signals of future prospects of the company by the investors. The study is two dimensional in the sense that firstly, it examines the relationship between dividend announcements and share prices. Secondly the effects have been reported in sectoral manner.

This paper is organized as follows: Section 2 presents the literature on dividend announcements effect on value of firm, with regard to the various parameters, techniques, impact and findings of the studies related to dividend announcements. Section 3 presents the research methodology used in this study and the results of the study in tabular manner and Section 4 discusses the results. Section 5 concludes the study and gives the future directions of research in this area.

2. Review of literature

Miller and Modigliani's (1961), two noble laureates gave the view that the dividend policy does not affect the market value of shares and favoured the dividend irrelevance thought. Dividends have signalling power about future income, investment prospects and it leads to movement of share prices but do not have any bearing on firm's value. They said that value of shares depends upon the investing pattern and earnings of the firm. **Gordon (1963)** opined his view by presenting the concept of dividend relevance theory. He said that dividends declared do affect the value of the firm and the market price of shares. Investors always prefer current return in the form of dividends rather than future returns in form of capital appreciation. **Black & Scholes (1974)** neglected any kind of relevance and relationship between the dividend and stock prices, supporting dividend irrelevance theory. **Basith abdul momin (2013)** in his paper undertook the review of detailed models regarding dividend puzzle. In his study the focus was mainly on three

emerging sectors namely information technology, FMCG and service. The study mainly focused on the importance of dividend factors in Indian context. He opined that the studies conducted till now, dividend announcements and its determinants were unable to reach a unanimous decision. **Dasilas Apostolos (2008)** investigated the stock market reaction of the Athens Stock Exchange to cash dividend announcements for the period 2000-2004. In particular, the study examined both the stock price and trading volume response to company announcements about dividend distributions. The dividend distribution in Greece featured remarkable differences from those of US, UK and other developed markets. **Mahmood sahid, sheikh fayyaz Muhammad and ghaffari qayyam abdul (2011)** undertook the study to explore the effects of cash dividend on stock prices. They undertook study from period of 2005 to 2009 on popular stocks of Karachi stock exchange. Event study methodology was used to analyze the data of near about 100 announcements made. Time estimation frame of 250 days was used to measure results. Market model was used for application of event study. The study found and established (advocated) dividend relevance theory. The dividend announcements generated positive abnormal returns and dividend are very powerful announcements. Abnormal return was found during both pre and post announcement periods. **Eyup Kadioglu (2008)** in his study analysed and studied 330 events of cash dividend declaration of 88 companies from period 2003 to 2007 on Istanbul stock exchange. The market adjusted model was used to compute abnormal returns around announcement days. The abnormal stock returns of the stocks were adjudged with the tool of event window and regression analysis during pre and post announcement period. Window of t-5 and t+15 days was used in event window to test this effect. Negative relationship was observed in the study between cash dividends and abnormal returns during the announcement period.

3. Research methods

To achieve the objective of **investigating the impact of dividend announcements on market value of firm (market capitalization) of selected companies listed on NSE in India** following methodology was adopted:

Null hypothesis (H0): Pre and post dividend announcement Mean closing prices are same.

The literature is not consistent with respect to selection of period of event window. Different researchers have taken different time periods for their studies such as 21 days (Apostolos Dasilas), 41 days (Dar-Hsin Chen), 71 days (E.B. Del Brio et al). So there is no criterion for selection of time frame for the event window. Indian markets are highly speculative, volatile in nature and there seems to be large scale

prevalence of insider trading. Therefore we have chosen 41 days as event window period, where first 20 days represents the pre announcement period of study, 21 day is the event day (dividend announcement) and last 20 days represents post announcement period. So through this window attempt has been made to study dividend announcement impact on market capitalization of firms.

Paired/dependent t-test
Paired t-test is a parametric test which is used when two observations were drawn from same samples. As the name specifies observations in one sample are dependent upon observation of other sample. This particular test was applied in this study to measure the significance of NR and AR in pre and post dividend announcement period. The test was applied to determine whether abnormal return and changes in normal returns, in post dividend announcement period occurred during event window is significant or happened by chance.

The dividends declared by the sample companies in the financial year 2008-2013 are taken as the main event to the study. A cross sector analysis of dividend announcement's impact on stock prices has been measured. The secondary data regarding dividend announcements was collected from various sources such as online Database, Journals, Annual reports, NSE historical database. The below table represents popular sectoral indices of NSE. The companies in each of the indices are top 5 constituents by weightage and free-float market capitalization in their respective sector as on 31/1/2014.

INDICES	COMPANIES				
Auto	Tata Motors Ltd.	Mahindra & Mahindra Ltd.	Bajaj Auto Ltd.	Hero MotoCorp Ltd.	Maruti Suzuki India Ltd.
IT	Infosys Ltd.	Tata Consultancy Services Ltd.	Wipro Ltd.	HCL Technologies Ltd.	Tech Mahindra Ltd.
METAL	Tata Steel Ltd.	Sesa Sterlite Ltd.	Coal India Ltd.	Hindalco Industries Ltd.	JSW Steel Ltd.
FINANCE	ICICI Bank Ltd.	Housing Development Finance Corporation Ltd	HDFC Bank Ltd.	State Bank of India	Axis Bank Ltd.
MEDIA	Zee Entertainment Enterprises Ltd.	Sun TV Network Ltd.	Hathway Cable & Datacom Ltd.	TV18 Broadcast Ltd.	D.B.Corp Ltd.

4. Results

Table 4.1: Auto Sector

Year	2009		2010		2011		2012		2013	
Companies	**Mean Closing Price Before**	**Mean Closing Price after**	**Mean Closing Price Before**	**Mean Closing Price after**	**Mean Closing Price Before**	**Mean Closing Price after**	**Mean Closing Price Before**	**Mean Closing Price after**	**Mean Closing Price Before**	**Mean Closing Price after**
BAJAJ	708.25	1068.23	2079.9325	2261.323	1383.91	1398.658	1593.743	1601.565	1829.688	1887.06
Paired t-test	t -12.260 (p-value 0.000***)		t -5.386 (p-value 0.000***)		t 2.140 (p-value 0.046**)		t 4.209 (p-value 0.000***)		t 2.338 (p-value 0.030**)	
HERO	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1509.86	1749.7
Paired t-test	t- (p-value)		t- (p-value)		t- (p-value)		t- (p-value)		t -9.149 (p-value 0.000***)	
M&M	496.9225	731.813	536.8575	609.4675	693.71	694.71	661.1475	714.955	968.7575	1009.24
Paired t-test	t -21.468 (p-value 0.000***)		t -5.909 (p-value 0.000***)		t 7.799 (p-value 0.000***)		t -2.404 (p-value 0.027**)		t 1.464 (p-value 0.160)	
MARUTI	791.445	921.855	1379.775	1329.035	1253.505	1317.485	1339.685	1300.095	1407.03	1779.738
Paired t-test	t -6.633 (p-value 0.000***)		t 23.188 (p-value 0.000***)		t 0.142 (p-value 0.888)		t 4.528 (p-value 0.000***)		t -13.136 (p-value 0.000***)	
TATA	N/A	N/A	541.69	539.065	664.2	618.2875	155.58	146.0975	166.365	164.0975
Paired t-test	t- (p-value)		t 2.801 (p-value 0.011***)		t 11.405 (p-value 0.000***)		t 6.465 (p-value 0.000***)		t 4.267 (p-value 0.000***)	

Source: Authors calculations ***Significant at 1% level, ** Significant at 5% level

4.1 Auto Sector
Represents mean closing prices pre and post dividend announcement of auto sector companies. The data collected for 5 years from period of 2009 to 2013 reveals that mean closing prices of Bajaj ltd has increased during post announcement period in comparison to the pre announcement period. During year 2009 the share prices increased almost by 50% which was highest in comparison to results of other years. Bajaj Ltd results are highly supportive in rejecting the null hypothesis that pre and post announcement prices are same as p-values were found to be significant at 1% level of significance in 3 years i.e. 2009, 2010 and 2012 and at 5% level in 2 years for 2011 and 2013 of the study period.

Similarly, Hero Company mean share prices increased from 1509 to 1749 almost by 16% and are statistically significant at 1% level. In case of M&M shares prices went up during post announcement period. Maruti company shares increased during period 2009, 2011, 2013 but decreased in the year 2010 and 2012. TATA Company is the only exception where during all years, the prices during post announcement period has decreased. Hero ltd p values were also found to be significant at 1% level of significance depicting difference in pre and post dividend announcement closing share prices.

In addition to this, M&M p-values were 0.000 thus showing pre and post DA price differ during 2009, 2010, 2012 and 2013 at 1% level of significance therefore rejecting the null hypothesis. Moreover, Tata company t test results also validated the statement that pre and post DA prices were significantly different at 1% level of significance.

Table 4.2: IT Sector

Year	2009		2010		2011		2012		2013	
Companies	**Mean Closing Price Before**	**Mean Closing Price after**	**Mean Closing Price Before**	**Mean Closing Price after**	**Mean Closing Price Before**	**Mean Closing Price after**	**Mean Closing Price Before**	**Mean Closing Price after**	**Mean Closing Price Before**	**Mean Closing Price after**
Infosys Ltd.	1294.278	1458.06	2708.4975	2709.88	3139.053	2903.753	2838.993	2389.745	2874.453	2302.293
Paired t-test	t -12.177 (p-value 0.000***)		t -0.107 (p-value 0.916)		t 7.027 (p-value 0.000***)		t 36.233 (p-value 0.000***)		t 37.490 (p-value 0.000***)	
Tata Consultancy Services Ltd.	553.915	630.698	812.16	768.5875	1164.975	1150.595	1141.125	1225.81	1531.775	1444.683

Paired t-test	t -9.684 (p-value 0.000***)		t 15.370 (p-value 0.000***)		t 0.925 (p-value 0.366)		t -8.149 (p-value 0.000***)		t 6.063 (p-value 0.000***)	
Wipro Ltd.	258.5825	360.573	712.8275	668.23	465.56	440.4925	433.0825	400.74	418.5675	346.9675
Paired t-test	t -23.314 (p-value 0.000***)		t 11.476 (p-value 0.000***)		t 8.383 (p-value 0.000***)		t 14.828 (p-value 0.000***)		t 11.659 (p-value 0.000***)	
HCL Technologies Ltd.	256.36	314.568	365.68	405.925	501.09	428.2875	N/A	N/A	861.2775	939.205
Paired t-test	t -17.442 (p-value 0.000***)		t -17.653 (p-value 0.000***)		t 7.736 (p-value 0.000***)		t- (p-value)		t -7.331 (p-value 0.000***)	
Tech Mahindra Ltd.	N/A	N/A	833.3525	697.5525	667.745	691.535	660.3925	674.1225	1180.258	1339.565
Paired t-test	t- (p-value)		t 23.399 (p-value 0.000***)		t-5.810 (p-value 0.000***)		t-1.454 (p-value 0.162)		t-18.464 (p-value 0.000***)	

Source: Authors calculations ***Significant at 1% level, ** Significant at 5% level

4.2: IT Sector
During 2009 and 2010 prices of Infosys Company went up by 13% and 0.03% but fell down in year 2011, 2012 and 2013 respectively. Infosys pre DA share prices were significantly different from post DA share prices in year 2009, 2011, 2012 and 2013 as validated by t test results. TCS company share prices increased after dividend announcement during 2009 and 2012. In 2010, 2011 and 2013 mean share prices fell down. TCS t-test results also invalidated the null hypothesis in four years out of 5 year study period at 1% level of significance and accepted it during 2011. In Wipro Ltd case share prices decreased during 2010, 2011, 2012 & 2013 with exception to 2009 when mean prices went up from 258.58 to 360.57. 5years results of wipro ltd

shows that DA impacts share prices as t-test results are rejecting the null hypothesis at 1% level of significance.

In case of HCL technologies share prices during post announcement period has soared except in year 2011 when they decreased to 428 from 501. Similarly HCL also rejected null hypothesis during four years study period. Tech Mahindra has shown mixed response to dividend announcement effect on market capitalization. During year 2011, 2012 and 2013 the market capitalization increased after dividend announcement but in year 2010 it fell down to 697 from 833 after dividend announcements. Tech Mahindra p-value was 0.000 significant at 1% level during 2010, 2011 and 2013 explaining the pre and post DA announcement prices differ.

Table 4.3: Metal Sector

Year	2009		2010		2011		2012		2013	
Companies	Mean Closing Price Before	Mean Closing Price after	Mean Closing Price Before	Mean Closing Price after	Mean Closing Price Before	Mean Closing Price after	Mean Closing Price Before	Mean Closing Price after	Mean Closing Price Before	Mean Closing Price after
Tata Steel Ltd.	432.165	388.823	554.67	483.2875	586.22	569.98	440.6425	406.74	311.45	292.66
Paired t-test	t 4.927 (p-value 0.000***)		t 6.153 (p-value 0.000***)		t 6.677 (p-value 0.000***)		t 5.285 (p-value 0.000***)		t 4.776 (p-value 0.000***)	
Sesa Sterlite Ltd.	99.8825	131.3	461.725	411.4	301.5175	302.515	189.6525	184.8475	149.87	162.38
Paired t-test	t-14.050 (p-value 0.000***)		t 6.256 (p-value 0.000***)		t-0.168 (p-value 0.862)		t 3.777 (p-value 0.001***)		t-9.714 (p-value 0.000***)	
Coal India Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	336.025	321.5675	308.37	315.3525
Paired t-test	t- (p-value)		t- (p-value)		t- (p-value)		t 2.367 (p-value 0.029**)		t-4.035 (p-value 0.001***)	
Hindalco Industries Ltd.	90.595	82.8125	155.8225	144.59	197.12	179.8025	119.3675	121.2425	105.58	100.3575
Paired t-test	t 2.848 (p-value 0.010***)		t 3.181 (p-value 0.005***)		t 17.943 (p-value 0.000***)		t-2.284 (p-value 0.034**)		t 2.929 (p-value 0.009***)	
JSW Steel Ltd.	333.4675	495.27	1235.09	1130.865	933.5825	927.6175	700.3425	615.11	701.4075	705.215
Paired t-test	t-14.043 (p-value 0.000***)		t 8.153 (p-value 0.000***)		t 0.514 (p-value 0.613)		t 8.206 (p-value 0.000***)		t -0.830 (p-value 0.417)	

Source: Authors calculations ***Significant at 1% level, ** Significant at 5% level

4.3: Metal Sector
In case of Tata steel ltd share price in 5 years study period fell down after the announcement of dividend. Tata steel ltd paired t test results reveal that closing prices before and after DA differ and the statement is being validated by p values which are significant at 1% level of significance during five year study period. Sesa sterlite mean closing share prices of 20 days window has shown steep decline in year 2010 and steep hike in years 2009 and 2013 after DA. During 2011 and 2012

share prices remained almost same after DA. Sesa sterlite paried t test also rejected the null hypothesis as the p values are less than 0.001 in 4 year out of 5 year study period. Coal ltd 2 years available data i.e. 2012 and 2013 also shows that the closing prices of shares are significantly different before and after DA at 5% and 1% level of significance.

Hindalco industries paired t test p values are rejecting null hypothesis as p values are 0.010 in 2009, 0.005 in 2010, 0.000 in 2011, 0.034 in 2012 and 0.009 in 2013 respectively. JSW steel t test invalidated the null hypothesis at 1% level of significance in year 2009, 2010 and 2012

Table 4.4: Finance Sector

Year	2009		2010		2011		2012		2013	
Companies	Mean Closing Price Before	Mean Closing Price after	Mean Closing Price Before	Mean Closing Price after	Mean Closing Price Before	Mean Closing Price after	Mean Closing Price Before	Mean Closing Price after	Mean Closing Price Before	Mean Closing Price after
ICICI Bank Ltd.	414.9125	612.358	1166.84	1257.593	1409.913	1248.068	1155.195	1005.093	1304.215	1490.395
Paired t-test	t-13.771 (p-value 0.000***)		t 5.154 (p-value 0.000***)		t 7.152 (p-value 0.000***)		t 6.452 (p-value 0.000***)		t-11.461 (p-value 0.000***)	
Housing Development Finance Corporation Ltd	1683.013	2028.4	2770.9475	2746.87	700.295	656.68	676.5425	647.1375	816.3175	894.8625

	2009		2010		2011		2012		2013	
Paired t-test	t-10.596 (p-value 0.000***)		t 1.375 (p-value 0.185)		t 5.570 (p-value 0.000***)		t 8.389 (p-value 0.000***)		t-8.985 (p-value 0.000***)	
HDFC Bank Ltd.	1015.32	1220.65	1941.0175	1923.518	2289.483	2297.775	519.495	531.565	633.645	697.5275
Paired t-test	t-11.385 (p-value 0.000***)		t 1.360 (p-value 0.190)		t-0.259 (p-value 0.798)		t-1.976 (p-value 0.063*)		t-14.317 (p-value 0.000***)	
State Bank of India	1267.22	1682.8	2199.165	2255.19	2757.445	2341.833	2114.395	2027.815	2257.488	2171.828
Paired t-test	t-11.261 (p-value 0.000***)		t-2.218 (p-value 0.039**)		t-9.786 (p-value 0.000***)		t-1.577 (p-value 0.131)		t 1.979 (p-value 0.062*)	
Axis Bank Ltd.	414.9125	612.358	1166.84	1257.593	1409.913	1248.068	1155.195	1005.093	1304.215	1490.395
Paired t-test	t-22.208 (p-value 0.000***)		t-13.147 (p-value 0.000***)		t 8.686 (p-value 0.000***)		t 9.136 (p-value 0.000***)		t-12.470 (p-value 0.000***)	

Source: Authors calculations ***Significant at 1% level, ** Significant at 5% level

4.4: Finance Sector

The mean share prices of ICICI bank Ltd has increased by 50%, 8% and 14.2% in post dividend announcement period, thus showing increase in their market capitalization. But during 2011 and 2012 the prices went down quite considerably during post announcement period. ICICI bank ltd paired t test results show that at 1% level of significance the pre and post DA prices of shares are different therefore rejecting null hypothesis. There has been a minimal decrease in share prices of HDFC corporation after announcement during three year period of 2010, 2011 and 2012 but prices lowered to Rs 2028 and 894 during 2009 and 2013 from Rs 1683 and 816 respectively. HDFC ltd also rejected the null hypothesis 4 times out of 5 year study period at

1% level of significance. In case of HDFC bank the market capitalization went up after dividend announcement except during year 2010 when share prices fell from Rs 1941 to 1923. HDFC bank ltd share prices invalidated the null hypothesis in 2009 and 2013 at 1% level of significance where as at 10% level of significance in year 2012. SBI results are also favouring that pre and post DA share prices are different as p values were 0.000 in year 2009 and 2011, significant at 1% level and 0.039 significant at 5% level. The response to Dividend announcement has been positive during three years out of 5 year study period with exception of year 2011 and 2012. Axis bank Ltd saw fall in mean closing price from 1409 to 1248 and 1155 to 1005 during period of 2011 and 2012. Axis bank ltd t-test results rejected the null hypothesis during 5 years as p values were 0.000 in all these years thus showing mean pre and post closing share prices differ at 1% level of significant.

Table 4.5: Media Sector

Year	2009		2010		2011		2012		2013	
Companies	Mean Closing Price Before	Mean Closing Price after	Mean Closing Price Before	Mean Closing Price after	Mean Closing Price Before	Mean Closing Price after	Mean Closing Price Before	Mean Closing Price after	Mean Closing Price Before	Mean Closing Price after
Zee Entertainment Enterprises Ltd.	177.1675	177.38	292.1	291.785	139.0775	130.9325	124.2525	130.3825	238.25	231.35
Paired t-test	t-0.057 (p-value 0.955)		t 0.103 (p-value 0.919)		t 5.922 (p-value 0.000***)		t-4.870 (p-value 0.000***)		t 1.925 (p-value 0.069)	
Sun TV Network Ltd.	252.585	233.285	417.6375	403.385	403.23	333.63	279.92	252.09	420.0475	413.205
Paired t-test	t 4.462 (p-value 0.000***)		t 5.223 (p-value 0.000***)		t 9.086 (p-value 0.000***)		t 3.731 (p-value 0.001***)		t 0.934 (p-value 0.362)	
Hathway Cable & Datacom Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TV18 Broadcast Ltd.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
D.B.Corp Ltd.	N/A	N/A	N/A	N/A	245.35	234.5625	199.7475	196.305	235.7125	249.4925
Paired t-test	N/A	N/A	N/A	N/A	t 9.385 (p-value 0.000***)		t 2.176 (p-value 0.042**)		t-5.885 (p-value 0.000***)	

Source: Authors calculations ***Significant at 1% level, ** Significant at 5% level

4.5: Media Sector

Zee entertainment Ltd share prices were not affected much by dividend announcement, as can be seen in the table. There has been minimal/no change during post announcement period of study. Media sector results are also favouring the alternative hypothesis that share prices are different during pre and post DA period. In case of Zee entertainment ltd the p value was significant at 1% level during 2011 and 2012. Sun TV network saw fall in market capitalization owing to dividend announcement in year 2009, 2010, 2012 and 2013. Sun Tv ltd p value was 0.000 during 2009, 2010, 2011 and 2012 thus invalidating null hypothesis at 1% level of significance. Data was not available for Hathway and TV 18 broadcast. DB Corp. Ltd also shows negative impact of dividend announcements on market capitalization as the mean prices of 20 day window have fallen in 2 out of 3 year's available data with exception in year 2013 when it went up by a minimal of Rs 14. Moreover DB corp ltd results depicts that share prices were not same during pre and post announcement period at 1% level of significance in year 2011, 2013 and 5% level in year 2012.

5. Findings and Conclusion

As an important and integral part of financial decision making dividends need to be understood more comprehensively. In this regard it is worthwhile to see to whom and how much will be the impact of Dividend announcements in the light of various factors and market situations. This particular study provides insights into one of the most deliberated puzzle of dividend announcement impact on market

capitalization/Value of firm in India.

- In auto sector out of 25 events, pre DA prices were found to be different than post DA prices in 18 events depicting dividends impacting share prices. Moreover dividends not only impacted share prices positively but negatively also conveying large scale presence of dividend announcement impact.
- Similarly in IT sector also dividend announcement has caused variations in pre and post stock prices. Prices tend to be significantly different in 20 out of 25 events but mean closing prices are showing mixed response as prices have soared and fallen post announcements.
- Metal sector also depicts that dividend causes movement in stock prices as in majority of cases t-test justified the statement that pre and post mean closing prices differ considerably. But it cannot be said from the results that dividends have always caused positive impact on market capitalization.
- Finance sector results are also similar to other sector results as mean closing prices were found to be significantly different in pre and post dividend announcement period.
- Media sector pre and post dividend announcement prices were found to be different in majority of events. But it cannot be said that all the time dividend announcement impact has been positive as in many cases mean closing prices have fallen considerably.

The results of the study shows that in majority of events in different sectors there has been positive impact of dividend announcements and pre announcement share prices were found to be significantly different from post dividend announcement prices. The study also found that it is the individuality that matters rather than the sector to which the

company belongs. Evidence suggests that dividend always do not necessarily increase the market capitalization sometimes they may also impact negatively. Furthermore consistency is the factor found to be very important in dividend announcements as it can be observed that mean closing prices have risen or fallen in trend. It is pertinent to mention that this study has proven that dividend announcements impact market capitalization, but positively or negatively it is yet to be explored. Moreover the scope can also be enhanced in measuring the elasticity impact of dividend announcement on share prices.

Further research need to be conducted with more data and across various other sectors to find out dividend announcement relevance in this context. It would be interesting to see what are the various factors and reasons behind the movement of stock prices and after effects due to dividend announcement by companies. Moreover such kind of studies will hold in enriching the already available literature regarding dividend announcement effects.

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