

“IMPACT OF BONUS ISSUE ON SHARE PRICES OF INDIAN PHARMACEUTICAL COMPANIES”

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ABSTRACT

The foremost purpose of this paper is to analyse the impact of the bonus issue on the price of the share of the company. This paper will also appraise the impacts of the price of share by the distribution ratio of bonus shares of pharmaceutical companies. For these study 32 pharmaceutical companies listed in National Stock Exchange & Bombay Stock Exchange has taken which dispersed the bonus issues to its shareholders over the period of 10 years. The sample size of the paper is 32 Indian pharmaceutical companies. The simple random technique has been used by the researchers as a sampling technique for the study and the paper is based on secondary data.

The study reveals that the stock price of most of the companies rises next day of bonus issue announcement day. Many pharmaceutical companies distributed bonus shares in the ratio of more than or equal to 100 percent responses positively in the study. This study shows that around 65.62 % pharmaceutical companies responses optimistic to the stock prices of

the respective stock next day of the bonus announcement. The study also demonstrates that around 43.75% pharmaceuticals companies whose distribution ratio of bonus share is more than or equal to 100 percent deliver a positive return. The highest number of pharmaceutical companies declares the bonus issue in 2013.

Keywords: Announcement of bonus shares, Bonus Ratio, Corporate actions, Impact on Share Prices, Indian Pharmaceutical Companies, T-test.

INTRODUCTION

1) Pharmaceutical industry in India

Pharmaceutical industry of India has grown in three different segments. Industry were owned and controlled by foreign firms prior to 1970 was the first segment. The second segment was in the span of 1970 to 1990, in this stage the progress of generic medicines industry in India has observed. Major involvement provided by the Patents Act of 1970 for this development. After 1990, the third segment was originated, in this segment pharmaceutical industry of India

reached at a handsome position as a producer of generic medicines. The performance of Indian pharmaceutical industry was too strongest in all aspects in the decade of 1990. Despite of enhancement in the performance of production, industry also performs in upgrading the margin and the earner of the foreign exchange. Policy regime of 1991 were the major contributor for this development of Indian pharmaceutical industry^[4].

2) Corporate actions

Corporate action commences the process of movement in the stock prices of the public traded companies in a stock exchange. Corporate action changes the company's financial statement and it catches the attention of investors of stock exchange^[16]. Companies take several decisions to issue the bonus shares, declaration and distribution of dividend to the shareholders, right issue to the existing shareholders, etc. Optimistic returns can be generated by the shareholders on the corporate actions from time to time when the shareholders recognise the connection of these corporate actions with its impact on the stock prices^[12].

3) Bonus issue and stock price behavior

Bonus shares are the stocks or shares circulated freely to its existing shareholders by the companies as per the ratio of investment made by them in the company^[4]. Bonus shares do not influence the proportional ownership in the equity of the shareholder, it enhances the size of outstanding shares of the existing shareholders^[10]. Bonus issues are distributed by the companies from the retained earnings or the accumulated capital reserve of the company. The accounting entry is made in paid-up capital

in the equity segment of a stockholder in the balance sheet of the respective company if bonus shares are issued from retained earnings of the company. The accumulated capital reserve is managed into paid-up capital if the company issue bonus shares by an accumulated capital reserve^[4]. To make bonus issue to its existing shareholders, company need not required to take approval from the SEBI. A company needs to follow the guidelines provided by the SEBI for the bonus issue^[4].

4) Available better stocks in the market

Numbers of private sectors players of Indian companies were quiet and still these players were performing the growth pattern in an Indian Capital Market. With good presentation of these players, Indian Capital Market have focused on progress now a days. Despite of good improvement of Indian Capital Markets, the stocks of the pharmaceuticals companies does not perform healthy. Profit will follow those pharmaceuticals companies with high growth and visibilities were clear. Pharmaceutical companies were moving against the global market, specifically in their huge markets. The stock prices of other sectors have absolutely climbed in the market and on the contrary, stock price of pharmaceutical companies does not provide overvaluation hence, required some actions immediately on it and at the same time direction must be provided to the Indian stockholders of pharmaceutical companies^[21]. As seen that the bonus issue shows impact on the stock prices and the same can be studied and analyzed for pharmaceutical companies also. Researcher found this as an interest area and found the need to explore in the same area in depth.

5) Nature and scope of the study

The investment decision is influenced by many factors. One such factor is return. The shareholders may obtain gain in the mode of dividend and capital appreciation in shares. The purpose of this study is to find out the effect of bonus issue for announcement on share price.

The study tried to explore the impact of bonus share on stock prices of pharmaceutical companies which seemed to remain untouched in the previous researches. Research being descriptive in nature, a few statistical tools found suitable has been used to analyze the data and to reach on conclusion.

The remaining paper is organized as, the significance of the study in the next section. Section III will show the research gap and the literature review will covered in section IV. Section V will discuss concerning sample and methodology used for the study. Discussion and the findings are revealed in section IV. Concluding remark is presented in section no. VII. Future Scope of the Research is mentioned in last section of the study.

SIGNIFICANCE OF THE STUDY

This study could be significant to the academicians to spread the concept of corporate actions and bonus shares. Academicians also share their views to their students regarding changes in price of shares with respect to announcement of bonus shares. This study could also be useful for an academicians for their research purposes. As per as research scholars point of concerns, this study provides significance towards their research studies. Students could be used this study for getting updates of corporate actions specially bonus shares and its effects on the price of shares.

Corporate world uses this study as it could provide significance of the study towards their purposes for deciding or finalizing the corporate actions. Lot of corporate actions were taken under corporate world, so an effect of the prices on shares of bonus shares announcement helps them to take rational decision on announcement of bonus shares.

RESEARCH GAP

The foremost objective of an investors is to generate return from their respective investment from capital market. There are numerous opportunities they get, where investors can generate handsome return from their investment. On various occasions, investors have to suffer from losses due to some unforeseen circumstances. There are lot of occasions where investors may generate good return from their investment. In this study researchers will analyse, an announcement of bonus shares affects the share price or not. If yes, then researcher will also examine it affects positively or negatively to an investment. After reading this study, investors could be able to stop their losses which may affect by announcement of bonus shares or they could generate return from the announcement of bonus shares.

REVIEW OF LITERATURE

Ahsan et. al (2014) study conducted on market reaction around the bonus issue announcement in Dhaka Stock Exchange (DSE). Data were collected from 136 companies from the 6 different sectors during the period of 2009-2012. Study concludes that, majority of the companies reveals negative return after the bonus announcement, adversely the returns

were positive before the date of announcement of bonus share, which may cause due to the leakage of inside information.

Y. Arulsulochana et al. (2019) the study was conducted to examine the impact of corporate actions on stock prices of Indian share market. The study concludes that the declaration of corporate actions influences the prices of securities in Indian stock market. The study also proves that corporate actions support investors to make rational decision about securities.

Balchandaran et. Al (2004) conducted the study on changes in share price on announcement on bonus shares and the study observes the response by price through the announcement of bonus shares for the period of 1992 to 2000 in Australia. This duration and the country under the paper elected intentionally as this period denotes a deep-rooted dividend imputation tax system. Study summarized that, an announcement of bonus shares on uncontaminated and contaminated actions encourages positively on the prices of shares of the companies. Dhar & Chhaochharia (2008) examines the impact of stock splits and bonus issue announcement on the market. The study demonstrates that Average Abnormal Return (AAR) of bonus issue and stock splits were found highly positive in the study.

Joshipura & Nusrathunnisa (2013) examines the response of the market on the announcement day and pre-announcement days of bonus share in post financial crisis period. Study reveals that bonus announcement encourages the market positively. Researchers concludes that due to the slight leakage of data in Indian markets, the responses of the price of the shares experienced few days preceding to the official declaration of the bonus share.

Khurana & Warne (2016) analyses the 34 stock of bonus announcement which was listed in NSE for the duration of 2006 to 2012. Study shows that prior to the announcement of bonus shares stocks were screening positive returns on an average but on the bonus declaration day AAR demonstrations negative return by 0.01%. The study also determines that AAR for the further 2-3 days after the bonus announcement would also perform negatively.

Lasrado & T.V. Narasimha Rao (2009) study discloses that the news of bonus shares does not perform well as it attracts the stock market. Study displays that the prices of respective share are rising for around 30 days prior to the declaration of bonus share, as the stock market predict the news of bonus share. The study also demonstrates that for the good returns in long term in investment, an investor should do the fundamental analyses of the company.

Malhotra et al. (2012) assess that there is a decline in liquidity and change in liquidity after bonus and right announcement. The study also indicates that an outcome of the study is dependable with an earlier indication of U.S and U.K, which demonstrations that liquidity around declaration of bonus and right issues are negative. The study also offers experiential support for models, which forecasts the liquidity influence of estimated bulletin events and incoming trades.

Mishra (2005) examines the 46 stocks which were registered in the National Stock Exchange for the duration of 1998 to 2004. The study demonstrates that probably due to leakage of evidence of bonus declaration, prices of stocks were expanding before eight to nine days of declaration. The study also summarises that there was a negative return on announcement

day around 0.10% and AAR was also illustrating the undesirable return for the first four days after the bonus announcement.

Muthukamu & Rajamohan (2015) analyses that stock prices of the firms are substantially affected by the bonus issues and size of bonus issue also affects the market. The study also reveals that prices of share might perform an undesirable return if the size of the bonus issue is not large. The study also concludes that the performance is not sound of the corporate which declare small size of bonus issues then the performance of market.

Pradhan (2014) study shows that out of fifteen companies, nine companies found a substantial variation in the prices of shares post declaration of dividend. Correlation analyses of the study also prove that the prices of eight companies also affected by the movement of Sensex, so it may be said that the dividend declaration does not fluctuate the price of shares. An abnormal return analysis of the study concludes that abnormal return could be generated by long-standing investment in stocks with high price stocks.

Rai & Silwal (2017) investigates the influence on the share price of bonus announcement of 10 commercial banks, study deduced that 9 commercial banks out of 10 have affected through the bonus issue. Due to the bonus issue announcement, the share price of around 90% of the commercial banks was responded in the market. The study concludes that share price of a bank is interrelated to bonus issue announcement.

Raja (2012) examines the bonus issue rises the number of shares of the shareholder as per the declared ratio and the face value of the share is also diminishes as per the ratio. The study

determined that shareholders do not get any direct benefit on bonus declaration on the price of a share, but investors get the benefit in the form of dividend on more numbers of shares after declaration.

Ramya & Bhuvaneshwari (2014) assessed that Abnormal Return (AR) and Average Abnormal Return (AAR) was positive before the declaration of bonus shares and return was bad after the declaration of bonus shares. The study also reveals that between -22 days to +28 days of bonus announcement the Cumulative Average Abnormal Return was positive. Study also proves that 7.12% was the uppermost positive Cumulative Average Abnormal Return on the first day of bonus declaration.

Rohra & Jain (2016) studied on technical analyses on bonus issues and researcher took the sample of three companies of Bombay Stock Exchange which broadcasts the bonus issue in the duration of 2013 to 2015. Study shows that out of three companies, the stock price of two firms rose and there was no variation in the stock price of remaining one company after the announcement of bonus share. The study also determines that the abnormal returns of the two firms were on growth and the abnormal return of one company was declined on post declaration period.

Rao (2014) investigates the corporate actions and its impact on stock prices in the Indian Stock Exchange. 9 those companies randomly selected for the study whose corporate actions were stock splits, consolidate and share buyback. Study proves that there is an effect of stock split on the shares, no influence of consolidation on the traded volumes on the shares were found and share buyback is unaffected on the volumes

of shares traded before and after the buyback decision.

Suresha B & Naidu G. (2012) investigates that on the bonus declaration day the price of share demonstrates the positive average abnormal return of companies at 0.0620%. The study also determines that due to outflow of confidential information of the company, positive returns were produced by the investors prior to the announcement. The study also demonstrates that the access to confidential information is not as much to the small investors and it influences the capital of these small investors.

RESEARCH METHODOLOGY

This study relates to some companies in the pharmaceutical sector. Researchers took 32 listed companies in National Stock Exchange (NSE) & Bombay Stock Exchange (BSE) of pharmaceutical industry, which has dispersed the bonus shares to its shareholders over the period of 10 years from 2nd June 2009 to 11th June 2019. The sample size of the paper is 32 pharmaceutical companies, which are functioning their business in India. The simple random technique has been used by the researchers as a sampling technique for the study. The evidence on announcement of bonus issues and the fluctuation in stock prices are mainly assembled from the website of Money Control (www.moneycontrol.com).

This study of research is grounded on secondary data i.e. research papers from journals and e-contents from the web were used for the study. The statistical tools such as mean, paired sample t-test, correlation, are used for the analysis of the study.

OBJECTIVE OF THE STUDY: -

The objectives of this research study are: -

1. To examine the announcement of bonus shares of pharmaceutical companies changes the share price of that respective company.
2. To analyse the impact of bonus shares on the price of share of the company.
3. To evaluate the distribution ratio of bonus shares impacts the price of the share.

2) Hypotheses: -

H1: Bonus announcement shows a positive impact on the prices of shares of a company.

3) Hypotheses Testing: -

H0: Bonus announcement does not show a positive impact on the prices of shares of a company.

H1: Bonus announcement shows a positive impact on the prices of shares of a company.

Hypothesis as framed above have been tested with the help of estimated difference in prices before and after announcement, also by t-test analysis which can be seen in the tables below:

Table 1: Estimated price difference with price before and after announcement.

Name of Company	Price before Announcement	Price After Announcement	Difference in price	Estimated Difference in price
($y=a+bx$)	EPDM	EJS	0.222	3.839***

Zota Health Care	204.93	217.04	12.11	7.55
Biocon Ltd.	306.7	310.3	3.6	0.00
ZIM Laboratories Ltd.	170.5	187.55	17.05	0.08
Glaxo Smith Kline Pharmaceuticals Ltd	1390.33	1566.33	176	0.00
DIL Ltd	887.61	878.08	-9.53	0.00
Shivalik Rasayan Ltd.	322.42	313.94	-8.48	0.00
Kwality Pharmaceuticals Ltd.	44.05	46.58	2.53	0.00
Biocon Ltd.	187.82	183.93	-3.89	0.00
Nutrapius India Ltd.	39.61	41.54	1.93	0.00
Dishman Pharmaceuticals & Chemicals Ltd.	152.65	152.38	-0.27	0.00
Divis Laboratories Ltd.	985.18	1031.38	46.2	0.00
Anuh Pharma Ltd.	253.94	264.41	10.47	0.00
Aurobindo Pharma Ltd.	670.2	687.1	16.9	0.00
Aarti Drugs Ltd.	572.03	662.48	90.45	0.00
Sharon Bio Medicine Ltd.	44.18	41.64	-2.54	0.00
Alembic Ltd.	10.35	12.28	1.93	0.00
Ajanta Pharma Ltd.	273.07	262.63	-10.44	0.00
Syncom Formulations Ltd.	4.2	4.2	0	0.00
Sun Pharmaceutical Industries Ltd.	506.85	532.88	26.03	0.00
Torrent Pharmaceuticals Ltd.	368.05	394.08	26.03	0.00
Shilpa Medicare Ltd.	97.2	98.34	1.14	0.00
Medi-Caps Ltd.	13.15	14.49	1.34	0.00

Hester Biosciences Ltd.	89.84	83.34	-6.5	0.00
Lifeline Drugs & Pharma Ltd.	0.81	0.81	0	0.00
Aarey Drugs and Pharmaceuticals Ltd.	19.46	21.67	2.21	0.00
Indoco Remedies Ltd.	57.46	54.05	-3.41	0.00
Anuh Pharma Ltd.	72.96	61.96	-11	0.00
Parenteral Drugs (India) Ltd.	213	214.35	1.35	0.00
Cadila Healthcare Ltd	98.85	101.83	2.98	0.00
Hiran Orgochem Ltd.	27.1	29.85	2.75	0.00
Divis Laboratories Ltd.	297.79	297.25	-0.54	0.00
Anus Laboratories Ltd.	17.35	18.58	1.23	0.00

Table 2: T-test analysis

Particulars		Values
Sample Mean (X-bar)	xd	12.113
Sample Standard Deviation (S)	Sd	35.609
N	-	32
Df	-	31
*P-Value	-	1.924
T-Test (Paired Sample Test)	X	0.032
T-Test (Type-1)		0.032
Correlation Coefficient	Perfect Positive Correlation	0.998

To test the hypotheses in the study researchers have performed t-test through both the methods i.e. dependent sample t-test and paired sample t-test, and the values can be seen in the above table no 2 and it shows below the level of significance. Value of t-test can be seen as 0.03 which is >0.05 , hence our alternate hypothesis (H1) is accepted. With this, we can interpret that an announcement of bonus shares shows a positive impact on the prices of shares of a company.

Researchers also performed correlation analysis upon announcement of bonus shares and the price of share of the respective company. The results of correlation analysis show 0.998 which is approximately equals to 1. It is a perfect positive correlation between the two variables, showing a high degree of correlation.

DISCUSSION AND FINDINGS

1. Analyses the fluctuation in stock prices during bonus issue announcement

Table 3: Analyses the fluctuation in stock prices during a bonus issue announcement.

Name of the company	Before 1 day of Announcement		Announcement date	After 1 day of Announcement		Status
	Closing price (₹)	Date		Closing price (₹)	Date	
Zota Health Care	204.93	07-06-19	10-06-19	217.04	11-06-19	Up
Biocon Ltd.	306.7	24-04-19	25-04-19	310.3	26-04-19	Up
ZIM Laboratories Ltd.	170.5	13-08-18	14-08-18	187.55	15-08-18	Up
Glaxo Smith Kline Pharmaceuticals Ltd	1390.3	23-07-18	24-07-18	1566.3	25-07-18	Up
DIL Ltd	887.61	15-06-18	18-06-18	878.08	19-06-18	Down
Shivalik Rasayan Ltd.	322.42	02-03-18	05-03-18	313.94	06-03-18	Down
Kwality Pharmaceuticals Ltd.	44.05	14-09-17	15-09-17	46.58	18-09-17	Up
Biocon Ltd.	187.82	26-04-17	27-04-17	183.93	28-04-17	Down
Nutrplus India Ltd.	39.61	19-08-16	22-08-16	41.54	23-08-16	Up
Dishman Pharmaceuticals & Chemicals Ltd.	152.65	24-02-16	25-02-16	152.38	26-02-16	Down
Divis Laboratories Ltd.	985.18	07-08-15	08-08-15	1031.4	10-08-15	Up
Anuh Pharma Ltd.	253.94	11-06-15	12-06-15	264.41	15-06-15	Up
Aurobindo Pharma Ltd.	670.2	27-05-15	28-05-15	687.1	29-05-15	Up
Aarti Drugs Ltd.	572.03	29-01-15	30-01-15	662.48	02-02-15	Up
Sharon Bio Medicine Ltd.	44.18	13-01-14	14-01-14	41.64	15-01-15	Down
Alembic Ltd.	10.35	08-08-13	09-08-13	12.28	12-08-13	Up

Ajanta Pharma Ltd.	273.07	26-07-13	29-07-13	262.63	30-07-13	Down
Syncom Formulations Ltd.	4.2	05-07-13	08-07-13	4.2	09-07-13	No Change
Sun Pharmaceutical Industries Ltd.	506.85	27-05-13	28-05-13	532.88	29-05-13	Up
Torrent Pharmaceuticals Ltd.	368.05	29-05-13	30-05-13	394.08	31-05-13	Up
Shilpa Medicare Ltd.	97.2	28-05-13	29-05-13	98.34	30-05-13	Up
Medi-Caps Ltd.	13.15	06-02-13	07-02-13	14.49	08-02-13	Up
Hester Biosciences Ltd.	89.84	13-08-12	14-08-12	83.34	16-08-12	Down
Lifeline Drugs & Pharma Ltd.	0.81	30-05-12	31-05-12	0.81	01-06-12	Up
Aarey Drugs and Pharmaceuticals Ltd.	19.46	17-05-12	18-05-12	21.67	21-05-12	Up
Indoco Remedies Ltd.	57.46	28-03-12	29-03-12	54.05	30-03-12	Down
Anuh Pharma Ltd.	72.96	05-08-10	06-08-10	61.96	09-08-10	Down
Parenteral Drugs (India) Ltd.	213	01-09-10	02-09-10	214.35	03-09-10	Up
Cadila Healthcare Ltd	98.85	24-02-10	25-02-10	101.83	26-02-10	Up
HiranOrgochem Ltd.	27.1	24-07-09	27-07-09	29.85	28-07-09	Up
Divis Laboratories Ltd.	297.79	05-06-09	06-06-09	297.25	08-06-09	Down
Anus Laboratories Ltd.	17.35	02-06-09	03-06-09	18.58	04-06-09	Up

Table-3 provides the facts on the fluctuations in the prices of stocks during the period of the announcement of bonus shares from June 2009 to June 2019. Table-3 also demonstrates that 32 pharmaceuticals companies were taken for the study. These companies have made an announcement

of the bonus issues, and the stock prices before and after the date of the announcement of bonus issue of these companies were taken into consideration. Table-3 also reveals that the stock price of majority of the companies rises next day of bonus issue announcement day.

2. Status of changes in prices of shares during the announcement of bonus share: -

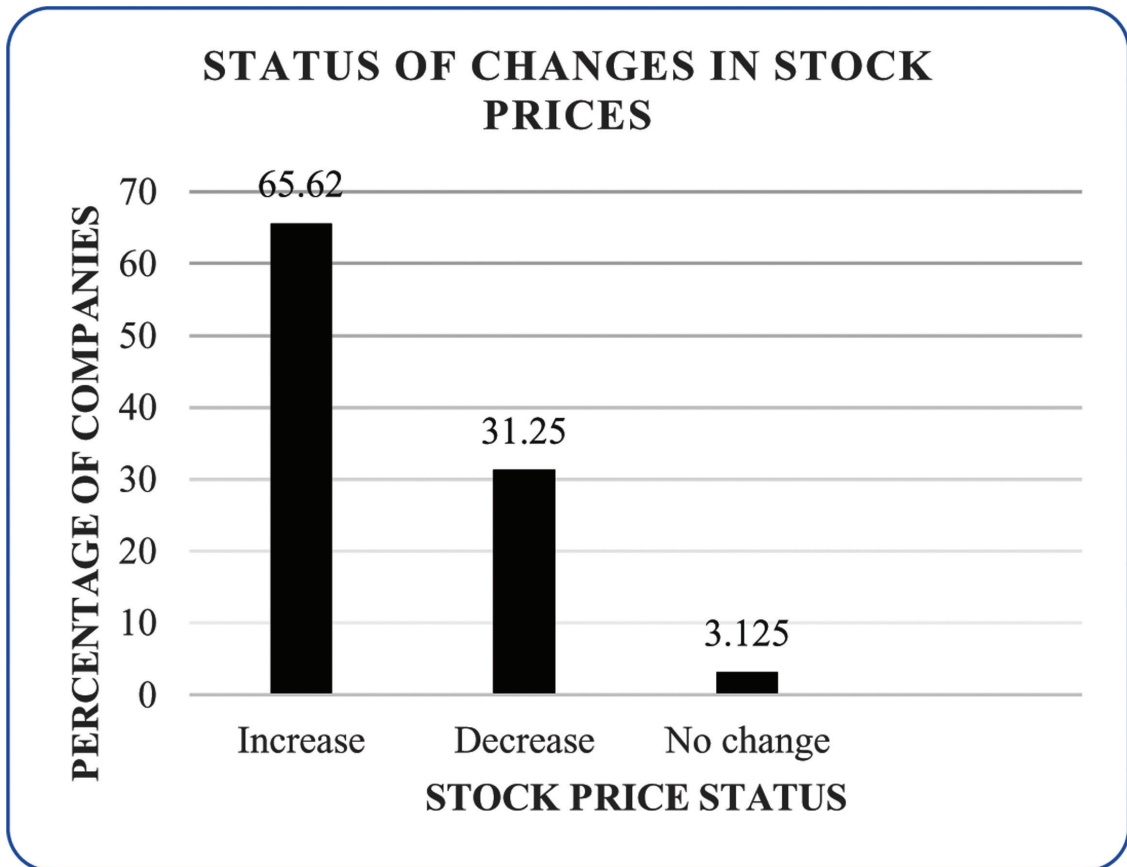


Fig. 1-Status of changes in prices of shares during the announcement of bonus share. (Source- Money Control)

In the above figure-1, it has found that out of 32 pharmaceutical companies the share price of 21 companies (around 65.62%) provides positive return after the announcement day of bonus issue. Share prices of 10 pharmaceutical companies (around 31.25%) provide negative return after the announcement day of bonus issue. And the price of 1 company (around 3.125%) did not affect by

the announcement of bonus issue. Figure-1 reveals that majority of the pharmaceutical companies responses positively next day of bonus issue announcement day.

3. Analyses the fluctuation in the price of shares according to the bonus ratio: -

Table 4: Analyses the fluctuation in the price of shares according to the bonus ratio.

Name of the company	Bonus Ratio	Bonus Ratio (%)	Changes in price (%)	Status
Zota Health Care	04:10	40%	0.0591	Positive
Biocon Ltd.	01:01	100%	0.0117	Positive
ZIM Laboratories Ltd.	01:01	100%	0.1000	Positive
Glaxo Smith Kline Pharmaceuticals Ltd	01:01	100%	0.1266	Positive
DIL Ltd	01:01	100%	-0.0107	Negative
Shivalik Rasayan Ltd.	01:04	25%	-0.0263	Negative
Kwality Pharmaceuticals Ltd.	01:01	100%	0.0574	Positive
Biocon Ltd.	02:01	200%	-0.0207	Negative
Nutraplus India Ltd.	01:10	10%	0.0487	Positive
Dishman Pharmaceuticals & Chemicals Ltd	01:01	100%	-0.0018	Negative
Divis Laboratories Ltd.	01:01	100%	0.0469	Positive
Anuh Pharma Ltd.	02:01	200%	0.0412	Positive
Aurobindo Pharma Ltd.	01:01	100%	0.0252	Positive
Aarti Drugs Ltd.	01:01	100%	0.1581	Positive
Sharon Bio Medicine Ltd.	01:01	100%	-0.0575	Negative
Alembic Ltd.	01:01	100%	0.1865	Positive

Ajanta Pharma Ltd.	01:02	50%	-0.0382	Negative
Syncom Formulations Ltd.	05:02	250%	0.0000	No Change
Sun Pharmaceutical Industries Ltd.	01:01	100%	0.0514	Positive
Torrent Pharmaceuticals Ltd.	01:01	100%	0.0707	Positive
Shilpa Medicare Ltd.	01:02	50%	0.0117	Positive
Medi-Caps Ltd.	03:01	300%	0.1019	Positive
Hester Biosciences Ltd.	01:02	50%	-0.0724	Negative
Lifeline Drugs & Pharma Ltd.	04:01	400%	0.0000	Positive
Aarey Drugs and Pharmaceuticals Ltd.	01:05	20%	0.1136	Positive
Indoco Remedies Ltd.	01:02	50%	-0.0593	Negative
Anuh Pharma Ltd.	02:01	200%	-0.1508	Negative
Parenteral Drugs (India) Ltd.	01:03	33%	0.0063	Positive
Cadila Healthcare Ltd	01:02	50%	0.0301	Positive
HiranOrgochem Ltd.	04:01	400%	0.1015	Positive
Divis Laboratories Ltd.	01:01	100%	-0.0018	Negative
Anus Laboratories Ltd.	01:01	100%	0.0709	Positive

High bonus ratio of shares attracts the investors often. The mixture of the ratio of bonus shares among pharmaceutical companies was distributed in this study. It is observed in the table no 2 that, out of 32 pharmaceutical companies stock price of 14 companies provide positive return whose bonus ratio were distributed more than or equal to 100 percent. It is also found in the study that the stock price of 6 companies provides negative return whose bonus ratio were distributed more than or equal to 100 percent. Most of the pharmaceutical companies distributed bonus shares in the ratio of more than or equal to 100 percent responses positively in the study.

4. Yearly analyses of the announcement of bonus issue: --

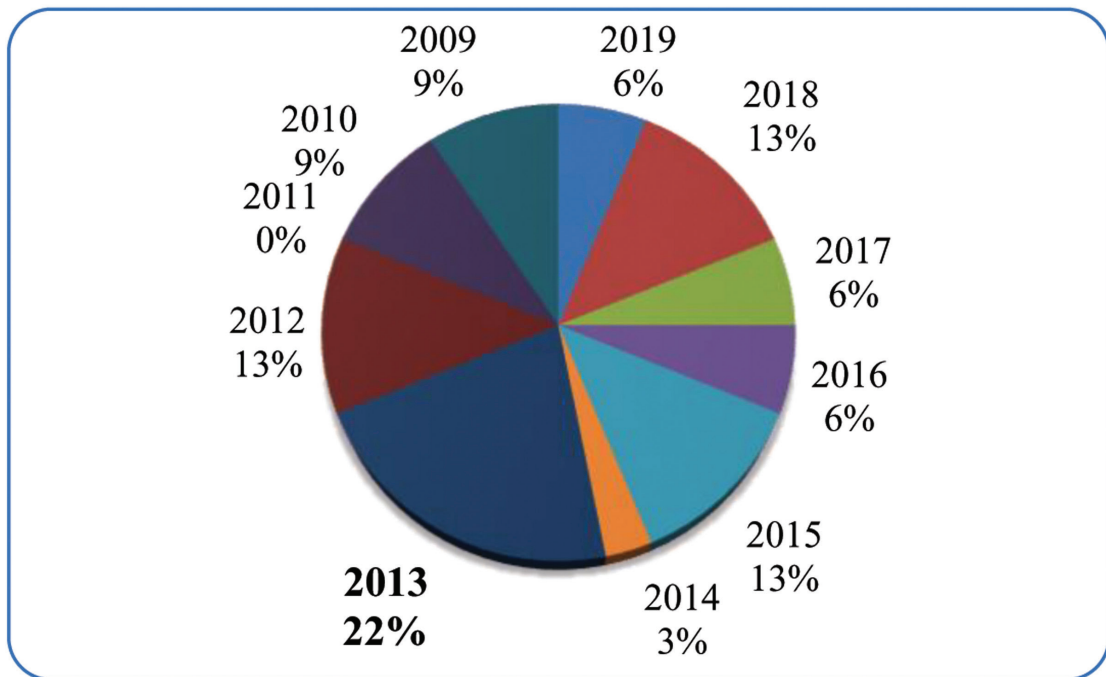


Fig. 2-Yearly analyses of the announcement of bonus issue. (Source- Money Control)

Figure no 2 clearly demonstrates that out of 32 companies seven pharmaceutical companies (around 22%) have distributed the bonus issue in 2013. Four pharmaceutical companies (around 13%) has distributed the bonus issue in 2012, 2015 and in 2018. In 2014 only a single company (around 3%) has distributed the bonus issue and none of the pharmaceutical company has distributed the bonus issue in the year 2011. High number of companies has distributed bonus issue in the year 2013.

CONCLUSION

Bonus issue is undoubtedly an encouraging situation for the organization. The conclusions observed by the researcher are in the line with the majority of the literature reviewed. From the investors point of view, the outcome of bonus issues is the increment of the shares of the investors, they held in the proportion of bonus announcement. For the study 32 pharmaceutical companies randomly selected from the period of

June 2009 to June 2019 and it was found that out of 32 companies, 21 pharmaceutical companies (around 65.62 %) responses optimistic to the stock prices of the respective stock next day of the bonus announcement. The study also demonstrates that 14 pharmaceutical companies (around 43.75%) whose distribution ratio of bonus share is more than or equal to 100 percent delivers a positive return. 6 pharmaceutical companies (around 18.75%) whose circulation ratio of bonus share is more than or equal to

100 percent offers negative return in the study. In 2013, highest number of pharmaceutical companies declares the bonus issue. To test the hypotheses, researchers performed t-test in the study and an interpretation of the hypotheses shows 0.03 which is >0.05 , hence an alternate hypotheses (H1) is accepted in the study. Researchers also perform correlation analysis for the study, and the results of correlation analysis show 0.998. It shows the perfect positive correlation between the two variables.

FUTURE SCOPE OF RESEARCH

There are abundant factors where the price of the shares of any company affects viz. corporate

actions, Merger and Acquisition, political climate, predicted and unpredicted news about the company, demand and supply, dividend, interest rate, and many more [20]. Bonus share is one of the corporate actions which were taken by companies and an impact of those corporate actions were seen in the price of the shares. Lot of future scope in this research is available, where researcher can take some companies other than pharmaceuticals industries viz. textile companies, petroleum companies, banking companies, insurance companies, electronics companies, software companies, etc. who have announced the bonus shares and that can be analyse the price of share of the respective industry.

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