ABSTRACT

There are two objectives of this paper. First objective is to understand the price fluctuation of shares in the selected companies during the pre and post announcement of quarterly result and second objective is to find out the relation between growth in results of the company and changes in the share price. In this research, researcher has considered 4 automobile companies. Four quarters have been considered for the purpose of data collection. Quarterly reports and share price have been collected from company’s website and BSE website respectively. Simple average, standard deviation correlation as statistical tools and graph has been used. In this presented that announcement of quarterly result affected the share price in both sides. In some cases prices have been decreased after the announcement of quarterly result but some cases effect was vice-versa. There is no significant correlation between pre-post announcement of share price and growth of the companies. This study will help to the investors for evaluating the effect of announcement of quarterly result on share price. So they can decide that they should invest in the share at the time of announcement or will also help them for considering growth of companies at the time of purchase and sale of share.

Keywords: Share Price; Quarterly Results; Correlation; Company Growth

INTRODUCTION

The stock price is the highest amount someone is willing to pay for the stock, or the lowest amount that it can be bought for. Share market is area for which no one predict or assume what should happen in share market u might get huje gain or incur losses when the stock market crashes.

A quarterly result is a sort of financial statement which issued by company in every three months. A quarterly report includes and income statement, balance sheet and cash flow statement for the quarter and the year-to-date, as well as comparative results for the prior year. It also include a discussion and analysis of the company’s financial condition, discler about risk factor that may affect value of the company, a discussion of matters submitted to a vote by a share holders during the quarter. A quarterly report helps investors in predicting for future earning potential, which is highly co-related to accompany share price.

There are some company specific factors that can affect the share price and these are:

- News releases on earnings and profits, and future estimated earnings
- Announcement of dividends
- Introduction of a new product or a product recall
- Securing a new large contract
Employee layoffs
- Anticipated takeover and merger
- Accounting errors or scandals

There are some economic factors also which affects the share price and these are:
- Inflation
- Deflation
- Economic and political shocks
- Changes in economic policy
- Interest rates

REVIEW OF LITERATURE

Selvam, Babu, Indhumathi and Kogila (2010) “To analyze the share price reaction towards dividend announcement in the Indian capital market” The data consisted of 35 companies from different sectors. The capital asset pricing model (CAPM) and market model was analyzing the impact. The authors conclude that there is a positive impact of dividend announcement on the share prices.

Lazar and Pramod (2010) study “The influence of corporate actions (such as bonus issues, dividend, rights issue, splits, mergers, and Acquisitions etc. on share prices.” Wilcox on Matched pairs test was adopted to analyze 80 companies listed on BSE and twelve types of corporate actions were identified. The study concluded that corporate actions play an important role in determining the share price of the companies.

Iqbal and Mallikarjunappa (2009) examine Announcement effects of share price market quarterly earnings announcement. Event study methodology is used to analyze the data, new the sample consisted of 152 companies with minimum 20% foreign holdings and it is divided into overall portfolios. The researchers conclude that share price market reaction to the earnings announcement is very slow.

Otogawa (2003) study “The information asymmetry and market liquidity around the quarterly earnings announcements by focusing on quoted depths. Using the transaction data of 121 firm that implemented quarterly earnings reporting during period 2001, the author found that there were significant decreases and increases in daily based depths during the periods just after the release of the quarterly earnings, which were consistent with prediction based on prior theoretical studies.

NEED OF THE STUDY

The need of the study of this particular topic is quarterly result is helpful for investor in making their investment decision and also helpful for the companies to check there is any relationship between the share price and quarterly result. It will also helps to change the investment portfolio. Quarterly report of the company has a great impact on share price either in positive way or in negative way. This will also help investor in decision making to invest in which company for earn profit. Quarterly reports help investors to take the pulse of public companies. By comparing the quarterly information to the previous year’s information for the same quarter, investors can get rich insight into a business's performance and growth. Furthermore, quarterly reports help investors to predict future earning potential, which is highly correlated to a company’s share price.

OBJECTIVES OF THE STUDY

1. To understand the price fluctuation in the shares of the selected companies during the pre and post result period.
2. To find out the relation between growth in results of the company and changes in the share price.

RESEARCH METHODOLOGY

Data Collection

This Study has been based on Secondary data. Secondary data has been collected for the share price of the companies from the BSE (Sensex) websites. The Company’s interim financial report collected from companies’ websites. Share price of the company has been collected five days before and five days after the announcements of the every quarter’s result. And other secondary data collected from the books, newspaper, journals, magazines, internet and annual report of selected companies.

Sample Size

Four Companies has been selected as sample size.

Sample Selection Criteria

Top five companies on the basis of market capitalization share on 1st July 2013 automobile companies in the BSE.

Duration of the Study

The duration of the study from 2013-2014 (four quarter year on 1st April to 31st March 2014)

Tool used for Study

Average, standard deviation, correlation and pie chart have been used in this study.

ANALYSIS AND INTERPRETATION

Hero Motorcorp Ltd.

First Quarter: It has been observed that share price was decreased in trend, before the announcement of quarterly result. Average share price for 5days before announcement of quarterly result were Rs. 1758.04 and S.D was 41.26. but after the announcement, share price has been increased and average share price were Rs. 1840.58 and S.D. was 32.25. it means fluctuation were less after the announcement as compare to the Pre-announcement. Share price has been increase by 4.5% after the announcement.

Second Quarter: In the second quarter, the result shows that average share price (Rs. 2084) before the announcement of quarterly result was more as compare to the after the announcement (Rs. 2049). So it means after the announcement, Average price of the share for 5 days have been decrease and fluctuation was more in share price (PRE S.D. 13.32 and after 33.73). A change in average share price was 1.67% and this change was in negative value.

Third Quarter: Announcement had the negative impact on share price of the Hero Moto Corp. ltd. After announcement of 3rd quarter result Share price has been decreased from Rs. 2026 (five days average) to Rs.1977 (five days average). The changes was 2.5%

Fourth Quarter: It has been analyzed that share price of Hero Moto. Corp. Ltd has been increased by 3.67 after announcement of 4th quarter result. Average share price (of 5 days) were Rs. 2322.14 and Rs. 2407 before and after announcement respectively of 4th quarter result.

In case of Hero Moto Corp. Ltd., Share price has been affected by the announcement of the quarterly result. Changes in prices were 1.67 to 4.5%. Changes in the share price were negative as well as positive. Two quarter announcement have positive effect and two quarters have negative effect on share price. Negative impact on share price was less and positive impact was more.
Tata Motor Ltd.

**First Quarter:** It has been observed that Tata Motors Ltd. Share price has not been affected by the announcement of the quarterly result. Average Share price (of 5 days) were Rs. 289.93 and Rs. 288.47 for pre-post announcement of 1st quarterly result.

**Second Quarter:** Announcement of second quarter result had negative impact on share price of Tata motors Ltd. Share price has been decreased by 2.8%. Average Share price (of 5 days) were Rs. 387.12 and Rs. 376.12 for pre-post announcement of 2nd quarterly result. But it also has been observed that after the announcement share price was in increasing in trend but before the announcement it was in decreasing trend.

**Third Quarter:** It has been observed that share price of Tata Motors Corp. Ltd. has been increased by 5.37% after the announcement of 3rd quarter. It also observed that before the announcement share price movement was in positive way but after the announcement share price has been changed Rs. 20. Some but 3rd days share price has been decreased. Average share price (of 5 days) were Rs. 357.03 and Rs. 376.24 for pre-post announcement of 3rd quarter result.

**Quarter Fourth:** announcement played a negative role on the share price of the Tata Motors Ltd. Average share price (of 5 Days) has been decreased from Rs. 433.07 to Rs. 427.40 after the announcement of quarterly result. A change in share price was Rs. 1.5%. Pre announcement share price in decreasing in trend but after the announcement it was in increasing in trend.

In case of Tata motors Ltd., there is negative impact of announcement of 2 quarters result on share price. And one quarter impact was the positive and its impact was 5.67% And one quarter result has no impact on share price.

Nissan Motors Ltd.

**First Quarter:** Nissan motors Ltd. share price has been decreased after the announcement of quarterly result. Before the announcement of quarterly result, share price was Rs. 2.1 (five days average). After the announcement share price has been decreased to Rs. 2.02. In this case it has been observed that share price movement was static in pre and post announcement of quarterly result. It has been observed that share price change 3% negative way.

**Second Quarter:** It has been observed that share price was decreased in trend before the announcement of quarterly result. Average share price was not high with Rs. 1.77 (for five days) before the announcement of quarterly result. After announcement, there were changes in the share price, share price increase by 2% as compare to the pre announcement the average of the share for the 5days. Share price was moving in the positive way.

**Third Quarter:** It has been analyzed that Average share price before and after the announcement of 3rd quarter result were same. Movements of share price were also same. On the basis of above observation, it can be conclude that share price have not been affected by the announcement of quarterly result. The Changes were the 2% as compare to pre announcement.

**Fourth quarter:** Price movements have been changed after announcement of 4th quarterly result. It has been observed that share price has been increased by the 7% after the announcement of quarterly result. But it also observed that pre and post share price movement was same.

In case of Nissan motors Ltd. it has been analyzed that share price are increased after the announcement of 2 quarter result, two quarter result have negative impact on the share price.

Maruti Suzuki Ltd.

**First Quarter** indicates that announcement of 1st quarter result had the negative impact on the share price of the company. After announcement of the quarterly result, share price have been started decrease. Before the announcement of Average share price (for 5 days) was Rs. 1422 and after the
announcement average share price was Rs. 1326. It is indicating that quarterly result announcement had negative impact on the share price of the Maruti Suzuki Ltd.

Second Quarter: It has observed that share price was decreased in trend before the announcement of the quarter result but changes were not significant, the fluctuation rate and average share price were not high with value of 4.00 and 1515.10 five days before the announcement of quarterly result. After five days of announcement there were changes in the share price. In this value of average share price was increase with 1633.49 and fluctuation rate was increase with value of 5.74. It has been observed that share price was change in positive way. After the announcement of quarterly result of company share price increase by 8% as compare to the pre announcement of average of the share.

Third Quarter: It has been analyzed that share price was in decreasing trend before the announcement of the share price. The fluctuation rate and average share price were high with value of 98.53 and 1727.65 five days before the announcement of quarterly result. After five days of announcement there were changes in the share price. In this value of average share price was decrease with 1631.72 and fluctuation rate decrease with value of 26.40. It has been observed that share price was change in positive way. After the announcement of the quarterly result of company share price decrease by 6% as compare to the pre announcement the average of the share for the 5 days.

Fourth Quarter: It has been observed that share price was increased in trend before the announcement of quarterly result. The fluctuation rate and average share price were not high with value of 16.18 and 1970.70 five days before the announcement of quarterly result. After five days of announcement there were changes in the share price. In this value of average share price was decrease with 1914.24 and fluctuation rate increase with value of 25.55. It has been observed that share price was change in negative way. After the announcement of the quarterly result of company share price decrease by 3% as compare to the pre announcement the average of the share for the 5 days.

Second objective

2. To find out the relation between growth in results of the company and change in the share price.

To achieve this objective researcher have been used correlation technique. Correlation has been established between two factors 1. Change in the profit & loss and 2. Change in share price. Changes in the profit & loss have been found by comparing the previous quarter and present quarter profit & loss. Changes in share price have been found out by comparing previous quarter average share price and current quarter average share price. Average share price has been calculated by the average of 5 days Pre & Post share price of announcement day of quarterly result. Both factors changes have been find in the %. This study has been analyzed that in case of Hero Motor corp. Ltd. there is low positive correlation (value is .2373). In case of Tata Motors ltd. there is very low negative correlation (value is 0.021). But Maruti Suzuki Ltd. indicates moderate positive correlation (value is 0.63). Nissan motors corp. ltd. indicates moderate negative correlation (value is -0.6446). On the basis of above finding it conclude that there is no one identical significant relationship between the growth and company share price but its relation vary company to company.

Overall relation between growth in results of the company and change in the share price was very positive low. A correlation value between these two factors is 0.11. So it indicates that growth in profit of the companies does not affect share price of the company. There is no significant correlation between the growth of the companies and share price of the companies.

SUGGESTION

1. Investor should consider the quarterly results for investing the share.

2. The long term investor should ignore the quarterly results for the announcement time because this time share price fluctuation was very high.
3. Investor should not consider only announcement of the quarterly results, but also consider BSE sensex index.

CONCLUSION
Quarterly results show financial performance of the companies, and share price indicates the overall decision or overall performance of the company. Share price is not affected by the company’s performance or financial result. Share price of the companies effected by the micro and macro factors. Like FII investment, FDI investment, Government policies, Economic policies, company profile their history etc. quarterly result with just a factor which is responsible for changes in the share price of the companies. This study indicates that quarterly result and growth rate of the companies do not have significant impact on share price of the company.

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