

# Reaction of Stock Prices of Selected Sample to the M&A Announcement: Evidence from NSE of India

Asif Amin Kuchey<sup>1</sup>, Dr. Anisa Jan<sup>2</sup>

<sup>1</sup>Ph.D., Scholar at Al-Falah University.

<sup>2</sup>Senior Assistant Professor at Islamic University of Science and Technology

## ABSTRACT

*This paper examines the impact of merger announcements of Indian pharmaceutical firms listed in National Stock Exchange (NSE) of India between 2008 and 2010 by using event study methodology. The study uses the OLS market model to find the abnormal return with the help daily stock returns and daily market index returns. This study used different windows of cumulative average abnormal returns (CAAR) like (-1,1), (-3,3), (-5,5), (-10,10) and (-15,15) to test the Null hypothesis. The whole analysis is done with the help of MS Excel. They study found that there is no statistically significant impact of merger and acquisition on the stock price of selected sample during the selected windows.*

**Keywords :** Merger; Abnormal Return; Cumulative Average Abnormal Return (CAAR); OLS Market Model; Event Window; Event Study Methodology; Market Index Returns

## References

- Anand, M., & Singh, J. (2008). Impact of Merger Announcements on Shareholders Wealth: Evidence from Indian Private Sector Banks. *Vikalpa: Journal for Decision Makers*, 33(1), 35-54.
- Choi, J. and J. Russell, 2004. "Economic Gains around Mergers and Acquisitions in the Construction Industry of the United States of America", *Canadian Journal of Civil Engineering* 31 (3), pp. 513- 525.
- A. Shah and M. Deo 2013. "BANK MERGERS AND SHAREHOLDER VALUE CREATION IN INDIA", *International Journal of Business and Society*, Vol. 14 No. 2, 2013, 245 - 264  
<http://www.ijbs.unimas.my/repository/pdf/Vol14No2paper6.pdf>.
- Mishra, A., & Goel, R. (2005). Return to Shareholders from Mergers: The Case of RIL and RPL Merger. *IIMB Management Review*, 17(3), 69-79.  
[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=828706](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=828706).
- Yuce, A. and A. Ng., 2005. "Effects of Private and Public Canadian Mergers", *Journal of Administrative Sciences*
- Kothari, S. P., & Warner, J. B. (2004). Econometrics of event studies. In Espen Eckbo, B. (Eds.), Chapter 1 in *Handbook of Corporate Finance*. North Holland: Elsevier.
- Brown, Stephen J., and Jerold B. Warner. "Measuring Security Price Performance", *Journal of Financial Economics*, 1980, 8(3), 205-258.  
<http://leeds-faculty.colorado.edu/bhagat/brownwarner1985.pdf>
- Smita Kashiramka and N.V.Muralidhar Rao 2013. "Shareholders wealth effects of Mergers & Acquisitions in different deal activity periods in India", *European Journal of Business and Management* [www.iiste.org](http://www.iiste.org) ISSN 2222-1905 (Paper) ISSN 2222-2839 (Online) Vol.5, No.4, 2013.  
[http://pakacademicsearch.com/pdf/files/ech/517/116129%20Vol%205,%20No%204%20\(2013\).pdf](http://pakacademicsearch.com/pdf/files/ech/517/116129%20Vol%205,%20No%204%20(2013).pdf).
- Daily Stock returns of Jubilant Life Science Ltd <https://in.finance.yahoo.com/quote/JUBILANT.NS/history/>
- Daily Stock returns of Cipla Healthcare Ltd <https://in.finance.yahoo.com/quote/CADILAH.NS/history?p=CADILAH.NS>
- Daily Stock returns of Dr. Reddy Laboratories Ltd <https://in.finance.yahoo.com/quote/DRREDDY.NS/history?period1=1167589800&period2=-55571895000&interval=1d&filter=history&frequency=1d>
- Daily Stock returns of Lupin Pharmaceuticals <https://in.finance.yahoo.com/quote/LUPIN.NS/history?p=LUPIN.NS>
- Daily Stock returns of Cipla pharmaceuticals <https://in.finance.yahoo.com/quote/CIPLA.NS/history?p=CIPLA.NS>
- Daily Stock returns of Strides Shasun <https://in.finance.yahoo.com/quote/STAR.NS/history?p=STAR.NS>
- Daily Stock returns of Piramal Enterprise <https://in.finance.yahoo.com/quote/PEL.NS/history?p=PEL.NS>

16. Daily Stock returns of Biocon Ltd  
<https://in.finance.yahoo.com/quote/BIOCON.NS/history?p=BIOCON.NS>
17. Daily Stock returns of Sun Pharmaceuticals  
<https://in.finance.yahoo.com/quote/SUNPHARMA.NS/history?p=SUNPHARMA.NS>
18. Daily Stock returns of Aurobindo pharmaceuticals  
<https://in.finance.yahoo.com/quote/AUOPHARMA.NS/history?p=AUOPHARMA.NS>
19. Daily Stock returns of NSE Nifty Index  
<https://in.finance.yahoo.com/quote/%5ENSEI/history?p=%5ENSEI>