EFFECT OF STOCK SPLITS ON STOCK PRICES FOR COMPANIES LISTED AT THE NAIROBI SECURITIES EXCHANGE

MAURICE OJOW

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DECLARATION

This research project is my original work and has not been presented for an academic award in any other institution of higher learning

Signature Date

Maurice Ojow

D61/75719/2012

This research project has been submitted for examination with my approval as the University Supervisor

Signature Date

Prof Erasmus S Kaijage

Supervisor

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I take this chance to thank the almighty God for seeing me through the completion of this project. A work of this nature is never done in a vacuum. I am therefore grateful to my family, friends and colleagues. I would like to express my deepest gratitude to my supervisors Prof. Erasmus S Kaijage and Dr. Mirie Mwangi for their guidance and pieces of advice during the research project period. I would also like to thank my friend and colleague Ms. Nancy Okita for her tremendous support during my entire study period of this program.

DEDICATION

I dedicate this work to my wife Esther Akoth and my children Angie and Frank. I thank you very much for the love and sacrifices that you have made for me. I have been forced to be away from you most of the time but with your understanding, patience and prayers, we have reached this far.

Table of Contents

DECLARATION ii
ACKNOWLEDGMENTS iii
DEDICATION iv
ABBREVIATIONS vii
ABSTRACT viii
CHAPTER ONE: INTRODUCTION 1
1.1 Background of the Study 1
1.1.1 Stock Splits 2
1.1.2 Stock Prices 4
1.1.3 Stock Splits and Stock Prices 5
1.1.4 Stock splits at Nairobi Securities Exchange 5
1.2 Research Problem 7
1.3 Research Objective 9
1.4 Value of the Study 9
CHAPTER TWO: LITERATURE REVIEW 11
2.1 Introduction 11
2.2 Review of Theoretical Literature 11
2.2.1 The Signaling Hypothesis 11
2.2.2 The Optimal Tick Size Hypothesis/Market-Maker Hypothesis 12
2.2.3 The Optimal Price Range Hypothesis 13
2.3 Determinants of Stock Prices 14
2.4 Empirical Literature 14
CHAPTER THREE: RESEARCH METHODOLOGY 19
3.1 Introduction 19
3.2 The Research Design 19
3.3 Population 20
3.4 Sample 20
3.5 Data Collection 20
3.6 Data Analysis 20
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION 22
4.1 Introduction 22
4.2 Response Rate 22

4.3 Data Presentation 22
4.3.1 Stock Splits 22
4.3.2 Stock Prices Behavior before and after the Stock Split 23
4.4 Correlation Analysis 34
4.5 Regression Analysis and Hypothesis Testing 34
4.6 Discussion of Research Findings 36
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS 38
5.1 Introduction 38
5.2 Summary of Findings 38
5.3 Conclusion 38
5.4 Recommendations 39
5.5 Limitations of the Study 39
5.6 Suggestions for Further Research 40
REFERENCES 42

ABBREVIATIONS

CV	Coefficient of variation
EBIT	Earnings Before Interest and Tax
Ksh	Kenya Shillings
Ltd	Limited
NSE	Nairobi Securities Exchange
SPSS	Statistical Package for the Social Sciences
Std	Standard

ABSTRACT

A stock split occurs when a company's board of directors authorizes issuing additional shares to existing shareholders. Each shareholder receives new shares in proportion to the shares already owned. The overall value of the outstanding shares does not change, but the value of individual shares goes down in proportion to the number of new shares issued. There are theories that explain why companies undertake stock splits such as signaling hypothesis, optimal tick size hypothesis and optimal price range hypothesis. Some arguments have been that stock splits are no more than a cosmetic accounting change with no direct costs or benefits. However despite these stock splits still remain a common occurrence implying that that there must be some benefit either real or perceived, that result from a firm splitting its stock. This study sought to determine the effects of stock splits on stock prices for companies listed at the NSE. This study employed an event study methodology where the effect of stock split on share price was investigated for a period of 60 days in pre and post stock split date. The study covered the period between 2004 and 2014 with a sample size of eleven companies out of fifteen that had split their shares in that period. Secondary data collected from NSE on the daily stock prices of the eleven companies for 30 day pre-split period and 30 day post-split period. Coefficient of variation to measure the price volatility for the two periods-pre-split period and post-split period was calculated to determine the stock price behavior during the pre-split and post-split periods. The stocks were found to be unstable in the pre-split periods but were stable in the post-split period. Stock prices were also found to be high in the pre-split period and low in the post-split period. This study concludes that split brought prices down and stabilized stock prices in the NSE.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Some investors believe that a stock split has no impact as it is a mere accounting procedure and it does not affect the share's intrinsic value. This is true at the exact moment at which the stock is split, but the price movement it triggers before and after the split date (even the announcement date) can interest investors. The most widely accepted view is that a stock spilt results in a spike in the share prices as the demand for the shares increase after the move.

The splitting of company's stock price has been seen to react differently through the stages of the split life-cycle, starting from the event announcement date to the record date, and even beyond. While some researchers believe that stock split announcements are a signal of the management's optimism about the company's future earnings, others argue that the firms use the positive reaction to the split announcement to raise more funds at a higher price after the split. Yet others believe that a split is meant to boost liquidity (Saraswathi Thirunellai, 2014).

Stock splits are a relatively new concept in the Kenyan market, only dating back to 2004 when the first firm conducted a split of its stock. Since then other listed firms have followed the same route. The first firms to do a stock split in 2004 include Kenya Oil Limited (KENOL), which did a ten-for-one split in July, and East African Breweries Limited (EABL), which did a five-for-one split in November of the same year. High

prices of the stocks were the major driver for the splits, with the stocks trading at Ksh.478 and Ksh.372 per share (NSE 2004), respectively (Karuitha et al, 2013).

A number of research studies have been done on stock splits both internationally and nationally. Locally, Nkonge (2010) studied the effects of stock splits on securities returns of companies listed at Nairobi Securities exchange (NSE). Positive abnormal returns were observed on the day of stock split announcement as well as two days before announcement and several days after the announcement. This suggested that the market perceives a stock split as good news according to the signaling hypothesis. Oloo (2012) studied the effects of stock split announcements on share returns at the NSE. He found conflicting signals that the market did not react effectively to stock split announcements with regard to returns of many companies listed at the NSE in the long run.

1.1.1 Stock Splits

Stock split refers to where all current shareholders receive new shares in exchange for each old share that they own (Jordan et al., 2012). Each shareholder receives new shares in proportion to the shares already owned. For instance, a shareholder might receive two shares for each share she already has. The overall value of the outstanding shares does not change, but the value of individual shares goes down in proportion to the number of new shares issued.

Most existing studies focus on forward splits because these are far more common than reverse splits. A forward split allows one share to split into a number of shares, resulting in more shares but a lower price per share. Financial instruments other than stocks, such

as mutual funds, closed-end funds, and exchange-traded funds (ETFs), can also split into more shares. A reverse split combines several shares into one share, resulting in a higher price per share and fewer shares outstanding. (Yan & Junbo, 2011).

Wooldridge and Chambers (1983) noted that when a stock split occurred, the balance sheet items remained the same; except that the total number of outstanding shares of the company increased proportionately to the ratio of split. They also noted that a stock split was usually done by companies that had seen their share price increase to levels that were either too high, or beyond the price levels of similar companies in their sector.

There are numerous reasons cited by companies to reverse split their stock. These reasons include (1) complying with listing requirements, (2) reducing the transaction costs of investors, (3) making the stock marginable, and (4) making the stock appear more reputable to investors by raising the share price of the stock (Marchman, 2007).

Several motives may explain the persistence of stock splits– signaling, liquidity and trading range. Empirical research indicates that stock split announcements convey information to the market about the value of the company. The signaling hypothesis says that the announcement of stock splits conveys new information to the market. That is, management may use stock splits to signal good news or optimistic expectations to investors. The announcement of stock splits may signal expected future increases in earnings, cash flows, cash dividends, and prices (Brennan & Copeland, 1988).

The trading range hypothesis, suggests that stock splits help to move a stock into a normal or preferred price range. According to the liquidity hypothesis, a stock split

enhances liquidity by creating additional shares that generate greater trading and ownership dispersion of the firm. Stock splits may attract attention and, therefore, increase both the number of trades and shareholders of a firm's stock. Increases in these two factors may serve to increase a stock's trading liquidity (Copeland, 1979).

1.1.2 Stock Prices

A stock price is the cost of purchasing a security on an exchange. Ideally, the share price would clearly reflect the value of the company and respond only to real changes in its well-being in real time, as determined by supply and demand, the basis of economics. Simply put, if the shares of a company are in high demand (because the company is doing well), the price per share would increase. Similarly, if there is a surplus of shares and little demand (due to poor performance), the price per share would decrease (Callahan & Iyer, 2010).

Price movement of stock indicates how investors feel about a company's worth. Share prices are driven by Indexes, a company's financial health, industry information, economic trends and world national news. The higher the cash flows in terms of revenues and collection of accounts receivables, the higher the stock price. This is because investors care about the cash flows and what those flows mean to them in the present. Cash flows are crucial in determining the value of a stock since the ability to pay dividends depends on it as much as it does on the bottom line of the company (Byun & Rozeff, 2003).

1.1.3 Stock Splits and Stock Prices

Fama *et al.* (1969) defined a stock split as an exchange of shares in which at least five shares were distributed for every four formerly outstanding. This meant that stockholders got additional shares for every share previously held. Dhar and Chhaochharia (2008) found that splits occurred at any ratio; the most commonly used ones being 2:1, 3:2, 5:4, 4:3 etc. After a two for one (2:1) split, for instance, each shareholder had twice as many shares, but each represented a claim on only half as much of the corporation's assets and earnings.

One important question regarding stock splits is whether the price run up is economically justified as the split event *per se* should have no impact on the firm's cash flows, and thus, no effect on firm valuation. However, since split events are likely to alter clientele trading behavior as well as liquidity, it is also bound to affect other trading properties of the stock that may ultimately lead to change in price level (Pantisa & Kulpatra, 2007).

1.1.4 Stock splits at Nairobi Securities Exchange

A Stock Market is a market, which deals in the exchange of shares of publicly quoted companies, and government, corporate and municipal bonds among other instruments for money. The Nairobi Stock Exchange (NSE) was in 1953 registered under the Societies Act (1954) as a voluntary association of stockbrokers and charged with the responsibility of developing the securities market and regulating trading activities. Business was transacted by telephone and prices determined through negotiation. In 1991, NSE was registered as a private company limited by shares. Share trading moved from being conducted over a cup of tea, to the floor based open outcry system, located at IPS

Building, Kimathi Street, Nairobi. For the first time in Kenya's history, the process of clearing and settlement of shares traded in Kenya's capital markets was automated when the central depository was commissioned in November 2004 (NSE, 2015).

The Nairobi Stock Exchange Limited changed its name to the Nairobi Securities Exchange Limited in July 2011. The change of name was in line with a strategic plan of the Nairobi Securities Exchange to evolve into a full service securities exchange which supports trading, clearing and settlement of equities, debt, derivatives and other associated instruments (NSE, 2015).

There were fifteen stock splits between 2004 and 2014 at the NSE. The first case of stock split at NSE occurred in 2004 where three companies –Kenya Oil Company Ltd, East African Breweries Ltd and East African Cables split their stocks in the ratio of 10:1, 5:1 and 10:1respectively. There were no stock splits in 2005 until in 2006 when again three companies split their stocks (Centum Ltd, Barclays Bank Kenya Ltd and Sasini Ltd). In 2007, two companies slit their stocks (CMC Holdings & Kenya Commercial Bank Ltd) while in 2008 and 2009, Nation Media Group and Equity Bank Ltd split their stocks respectively. Kenol Kobil again split its stock for the second time in 2010, together with Kenya Power and Lightening Company Limited. No stock split was witnessed in 2011. In 2012, only Athi River Mining Limited split its stock. City Trust and Carbacid Investments split their stocks in 2013. Again in 2014, there were no stock splits at the NSE. Of all the fifteen stock splits only four were reserve stock splits for Barclays bank, Equity Bank, Kenya Power and Lightening Company and Carbacid Investments in the

ratio of 1:5,1:10,1:8 and 1:5 respectively. The most preferred split ratio was 10:1 with six companies using it, followed by 5:1 with four companies using it (NSE, 2015).

Waweru and Mwendwa (2012) found out that companies listed at the NSE undertook stock splits so as to bring the trading range of the share price to an optimum point and that other factors such as the split ratio employed also influenced share prices. For example, the fact that most companies at the NSE employed a 10 for 1 ratio could have an effect on the post split share price.

As of July 2015, 64 companies are listed at the NSE. These companies are categorized into eleven sectors of the economy such as Agricultural (7), Automobiles and Accessories (3), Banking (11), Commercial and Services (10), Construction and Allied (5), Energy and Petroleum (5), Insurance (6), Investment (5), Investment Services (1), Manufacturing and Allied (10) and Telecommunication and Technology (1) , (NSE, 2015).

1.2 Research Problem

Stock splits remain one of the most popular but least understood phenomena in equity markets. Easley et al. (2001) exert that the traditional wisdom is that stock splits are "good information"- that companies split their stocks when they are confident that earnings momentum will continue to push their stock's price upward. Maximizing shareholder wealth has been a driving force for all corporate actions including stock splits. There have been numerous empirical studies covering diverse aspects of a stock

split. The splitting company's stock price has been seen to react differently through the stages of the split life-cycle, starting from the event announcement date to the record date, and even beyond. While some researchers believe that stock split announcements are a signal of the management's optimism about the company's future earnings, others argue that the firms use the positive reaction to the split announcement to raise more funds at a higher price after the split. Yet others believe that a split is meant to boost liquidity (Saraswathi Thirunellai, 2014)

Ikenberry *et al* (1996) found out that splits generally occur when stocks trade at high prices. They found out that in the month preceding the split announcement, nearly four out of five sample firms traded at prices at or above the 80th percentile in comparison to firms of similar size. Post-split prices showed substantial dispersion, but are generally lower than the median price observed for firms of comparable size. This result was consistent with the view that splits are typically used to realign share prices to a normal trading range.

In an efficient market all available information relevant to the pricing of securities must be rapidly reflected in the prices of the securities. The arguments of Fama (1965) form the theoretical foundation for the Efficient Market Hypothesis, which persuasively reasons that in an efficient and active market consisting of many well informed investors, equity prices will appropriately reflect the effects of information based on present and future expected events. Since it is believed that a stock split has no impact as it is a mere accounting procedure and it does not affect the share's intrinsic value, it is expected that

in an efficient market, the market value per share should change exactly in proportion to the split. In practice, this is not the usually the case as the share prices do change in different proportions after the stock splits.

Aduda and Chemarum (2010) studied market reactions to stock splits at NSE and found that there was an average increase in trading volume and a positive abnormal return after the split announcement and event. Nyamosi (2011) studied the relationship between company dividend and stock split for companies listed at the NSE and found prices overreacting to new information and remaining unstable for many days. This study seeks to add knowledge on stock split studies by determining the relationship between stock splits and stock prices for companies listed at the NSE to find out what proportions do stock prices adjust after the stock splits and whether investors make normal or abnormal gains after stock splits.

1.3 Research Objective

The objective of this research is to determine the relationship between stock splits and stock prices of firms listed at the NSE.

1.4 Value of the Study

This study will contribute to the knowledge on stock splits. A number of studies have been conducted on stock splits both nationally and internationally. This research contributes to the addition of knowledge on the subject matter of splits but a focus on the relationship between stock splits and stock prices in a developing stock market in Africa by looking at a Kenyan case.

The knowledge from this study will guide the business firms, shareholders and investors in Kenya and in the region on the importance of stock splits and how they affect stock prices. This will enable them make informed decisions and choices on the subject matter of stock splits. The results from the study will also be used by the relevant government bodies like Capital Market Authority, NSE, private organizations in making policies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews the theories on the reasons why companies split their stocks. It also reviews the work that other scholars have done on the research topic of share splits. The most common theories that are used to explain why companies split their stock include the motive to achieve an optimal price range for liquidity, to achieve an optimal tick size and to signal managements 'confidence in the future stock price.

2.2 Review of Theoretical Literature

2.2.1 The Signaling Hypothesis

A signaling model for stock splits was first proposed by Brennan and Copeland (1988). According to the signaling theory, splits acted as a means of passing information from managers to stockholders. The signaling model of stock splits showed that stock splits served as costly signals of managers' private information because trading costs increased as stock prices decreased. They built up the hypothesis from Fama *et al.* (1969), who suggested that by announcing splits, a company could reduce any information asymmetries that might have existed between stockholders and management. The stock price reduction resulting from a split then conveyed management's conviction of rising future earnings. Since a stock split usually required a significant cash outlay, and because sending a false signal would punish the company with an unusually low stock price, a stock split was often seen as a more credible form of information diffusion than road shows or press releases.

Benartzi *et al.* (2005) argued that management split their stocks only if it considered the current level of stock price and earnings to be permanent. Brennan and Copeland (1988) saw the essence of signaling argument as being that managers only split their stock if they were optimistic that the future share prices would increase, or at the very least not decrease. If a manager believed that the future share prices would decrease, they would not be willing to split stock due to the increased cost of trading lower priced stocks. McNichols and Dravid (1990) noted that managers did not explicitly intend for the split to be a positive signal about future prospects of the firm, but the split could still convey information to the market.

Agreeing with the signaling hypothesis theory, Conroy *et al.* (1999) found excess returns after stock splits were considerably higher when shareholders were surprised by a larger-than-expected split. Financial analysts were also found to increase their earnings forecast notably when the split factor was greater than expected. Excess returns earned by market participants then tended to be significantly higher when a company's management decided on a split factor that the stock price would fall below an expected level.

2.2.2 The Optimal Tick Size Hypothesis/Market-Maker Hypothesis

Angel (1997) came up with the market maker hypothesis, which suggested that companies strived for an optimal tick size. The tick size was the minimum change in share prices. They noted that if there was a constant absolute tick size, the management of a company could influence the relative tick size through a stock split, that being the tick size in relation to the stock price. Recently, academics paid attention to the role of tick size on the decision of stock distributions. Most equity markets had rules on tick size;

the minimum price variation. Therefore, the primary difference between equity markets was whether they used a single absolute tick size that applied to most stocks, or a tick size set that was a function of stock prices.

Angel (1997) noted that the minimum price variation rules determined the minimum bid-ask spread that could be quoted. No quoted spread could then be less than the minimum price variation. Larger tick sizes were found to make trading expensive, especially for smaller traders. Schultz (2000) agreed with the optimal tick size hypothesis, and suggested that if there was an absolute constant tick size on the stock exchange, a company's management could influence the relative tick size relative to the stock price through a split. The tick size was then important in that a high tick size was conducive for market making, and it made it more profitable.

2.2.3 The Optimal Price Range Hypothesis

Copeland (1979) came up with the notion that a stock split changed stock prices to a more optimal price, which in turn increased demand for the stock. Their hypothesis of the optimal price range stated that there was a price range within which trading was most liquid for stocks of a company. Firms were found to split their stock to keep prices within an optimal trading range. Baker and Powell (1993) revealed that the main motivation for the executives to split stock was for improved liquidity. High-priced stocks were found to be illiquid due to the psychological reasons and transaction costs. Therefore, when the prices climbed up to a certain level, the executive split the stock to lower prices which facilitated trading, hence they enhanced liquidity.

Conroy and Harris (1999) agreed with the optimal price range hypothesis and noted that when a stock became too expensive, a split brought it back to the optimal price range. Lakonishok and Lev (1987) argued that there existed benchmark values regarding stock prices and managers were guided by these comparative figures. Lamoureux and Poon (1987) also in agreement with this hypothesis noted that the managers' expected stocks trading at lower prices to be generally more liquid and to attract a larger pool of potential investors. Managers were then found to make use of splits to extend their shareholder base, since the lower stock prices were more attractive to minority shareholders.

2.3 Determinants of Stock Prices

Tandon and Malhotra (2013) found out that firms' book value, earning per share and price-earnings ratio are having a significant positive association with firm's stock price while dividend yield is having a significant inverse association with the market price of the firm's stock. Olweny and Omondi (2011) found that macro-economic factors; Foreign exchange rate, Interest rate and Inflation rate affect stock return volatility at the Nairobi Stock Exchange.

2.4 Empirical Literature

According to Grinblatt *et al.* (1984), stock splits were widely believed to be purely cosmetic since the corporation's cash flows were unaffected directly. Theoretically, stock splits were thought to be cosmetic corporate events as they merely involved the breakup of one share into a certain number of shares and a reduction of a higher to a lower share trading price without changing shareholders' wealth and relative shareholdings. However, although early empirical studies found no abnormal performance after stock

splits, Fama *et al.* (1969) found a positively significant market reaction to stock split announcements. Stock splits then did not appear to be as cosmetic as they should be.

Wooldridge and Chamber (1983) came up with another version of a stock split; the reverse split. They noted that the procedure was typically used by companies with low share prices that wanted to increase prices to either gain more respectability in the market or to prevent the company from being delisted. This was found to be because many stock exchanges de-listed stocks if they fell below certain prices per share. They found that the announcement of a reverse split elicited a negative stock market response. They saw a notable difference between stock split and reverse split being that, while regular splits could be ends in themselves as vehicles to correct stock undervaluation, reverse splits did not aim at signaling the firm value but at moving share prices to more attractive trading ranges.

Wulff (2002) noted that the liquidity hypothesis took the form of the trading range hypothesis, which stated that companies tended to move their share prices towards an optimal perceived trading range after the share price had risen substantially. Lakonishok and Lev (1987) agreed with this hypothesis, suggesting that a stock split changed the stock price to a more optimal trading range, which in turn increased the demand for stock, leading to a positive stock price effect. Consequently, when a stock became too expensive, Conroy and Harris (1999) noted that a split brought its price back into the optimal price range. Managers were seen to engineer splits to return their company's share price to a particular level that was remarkably stable over time. Similar to financial ratios for different sectors, Lakonishok and Lev (1987) agreed that there existed

benchmark values regarding stock prices and managers were guided by comparative figures.

It was also hypothesized by Baker and Gallagher (1980) that small investors could not afford to buy round lots when share prices were too high and that lowering the stock price attracted more small investors. Supporting this view, Schultz (2000) documented that empirical evidence of a higher presence of small buy orders were found around the time of the split. Lakonishok and Lev (1987) argued that splits helped return stock prices to their 'normal' trading range and showed that post-split prices tended to converge to historic levels.

Yan He and Junbo Wang (2011) found that the main motivation for stock splits is to return the share price or the relative tick to an optimal range and that a split event influences firm value in several ways. The share price tends to increase upon a split announcement. The investor base tends to become larger after a split, which may help increase firm value

Lakonishok and Lev (1987) found that firms that split their stocks have better-than-average earnings growth following the split. McNichols and Dravid (1990) found that the difference between actual and forecasted earnings following a split tends to be directly related to the size of the split factor: the higher the split factor, the better the earnings. Ikenberry, Rankine and Stice (1996) found that the post-split stock returns for firms that split their stock are higher than those of a control sample of firms that do not split their stock. Pilotte and Manuel (1996) found that when firms split their stock multiple times,

the abnormal return at the announcement of the second split is directly proportional to the earnings surprise following the first split.

Oloo (2012) studied the effects of stock split announcements on share returns at the NSE. He found conflicting signals that the market did not react effectively to stock split announcements with regard to returns of many companies listed at the NSE in the long run.

Aduda and Chemarum (2010) looked at theories relating to why companies split their stocks. The reasons why companies split their stock were to achieve an optimal trading range, to achieve an optimal tick size and to signal management's confidence in the future stock price. They recommended that there is need to carry out research to find out whether the same reasons are true for the Kenyan market.

2.5 Summary of Literature Review

Generally, firms that are well managed and perform well have their share prices increase over time due to high demand for such shares because investors believe that such firms would continue to perform even better in future. Splitting stock for those whose prices have significantly risen over time could indeed be a signal that the firm is well managed and will have its share price continue to rise even after the split.

Stocks whose prices are considered to be too high by the investors could be having lower demand since they are not attractive to the investors. Therefore there is need to bring down the prices of stock to reasonable level through stock splits.

If lesser number of stocks is demanded because they are considered too expensive, liquidity of the firm reduces because lower cash is raised from the sale of shares. Reducing the stock prices through stock splits would then make the stocks attractive leading to higher demand for them which results to improved liquidity for the firm.

Most of the research studies done on stock splits have been on markets that are not in Africa. These studies are on markets that are out of Africa that are more developed and efficient. There is need to carry out a study on stock splits with a focus on the African context. Stock splits are meant to increase the number of shares and to reduce the share prices. In developed and efficient markets, investors don't expect to earn abnormal returns from stock splits since stock prices are expected to adjust proportionately to the split ratio. There is need to carry out a research to determine in what proportions do stock prices adjust after the stock splits with a focus on less developed markets, mostly in Africa.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Research methodology refers to the various sequential steps to be adopted by a researcher in studying a problem with certain objectives in view.

This section gives a detailed analysis of the research design, population and sample, data collection methods and procedures, and data analysis method.

3.2 The Research Design

The period of study was between 2004 and 2014, both years inclusive because the first stock split at NSE was in the year 2004. The event study methodology was used to investigate the effects of stock splits on share prices. The dependent variable in this event study is the stock price of the company. It is expected that the stock price after the split should change in the ratio of the split.

The listed companies at NSE are categorized into eleven sectors of the economy such as Agricultural, Automobiles and Accessories, Banking, Commercial and Services, Construction and Allied, Energy and Petroleum, Insurance, Investment, Investment Services, Manufacturing and Allied and Telecommunication and Technology. The study grouped companies that have split their stocks into their respective categories and studied the relationship between the splits and stock prices in their respective categories. Conclusions on the relationships in each category and a general conclusion on the relationship of stock splits and stock prices for all listed companies are given.

3.3 Population

According to Mugenda and Mugenda (1999), a population is defined as a set of people, services, elements and events, group of things or households that are being investigated. The target population in this study was all the sixty four listed firms at the NSE. We studied the effect of stock splits on stock prices for all the listed companies at the NSE that have split their stocks between 2004 and 2014.

3.4 Sample

Out of all the fifteen companies that have had stock splits at the NSE between 2004 and 2014, eleven of them were studied.

3.5 Data Collection

Secondary data was used in this study. The data on the companies that have split their stocks, the sectors in which they are and their prices-30 days before the stock splits and 30 days after the stock splits were collected from the NSE.

3.6 Data Analysis

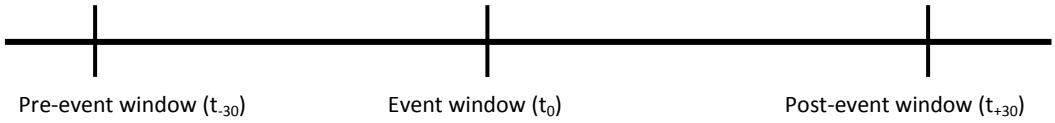
Event Study Analysis was used in the following steps;

i. Identifying the event of interest and the event date

The event of interest is the stock split and the event date is the date of stock split (‘day 0’). All the eleven stock splits had different event dates and data was recorded separately for each split.

ii. Identifying the timeline of an event study

Test period for each stock split was identified. Test period is also called the event window. The impact of the stock split on the stock prices will be examined in the test period, which were thirty days before the stock split and thirty days after the stock split.



iii. Analytical model

Mean prices in the pre and post-split periods, were calculated for each company that had stock split and then plotted using Statistical Package for the Social Sciences (**SPSS**) data analysis package. This was then followed by calculation of coefficient of variation to measure the price volatility for the two periods. Coefficient of variation is measure of variability that is calculated as a ratio of the standard deviation and the mean.

$$CV = \frac{standard\ deviation\ (p)}{mean\ price}$$

The coefficient of variations for the two periods were then compared and plotted for each company. T-test statistics was used to test for the significant differences between the two periods for all the companies.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the analyzed data and discusses the results found out.

4.2 Response Rate

Out of fifteen companies that split their stocks between 2004 and 2014, eleven of them have been studied making a response rate of 73%. This response rate is satisfactory making conclusions for the study. Ogier (2005) recommended that a paper based research paper should have a response rate of 65%. This response rate is therefore considered adequate.

4.3 Data Presentation

4.3.1 Stock Splits

Out of the fifteen companies that had had stock splits between 2004 and 2014, the study collected from eleven of them their stock prices for the thirty days before and after the split. The data collected was secondary data from the NSE.

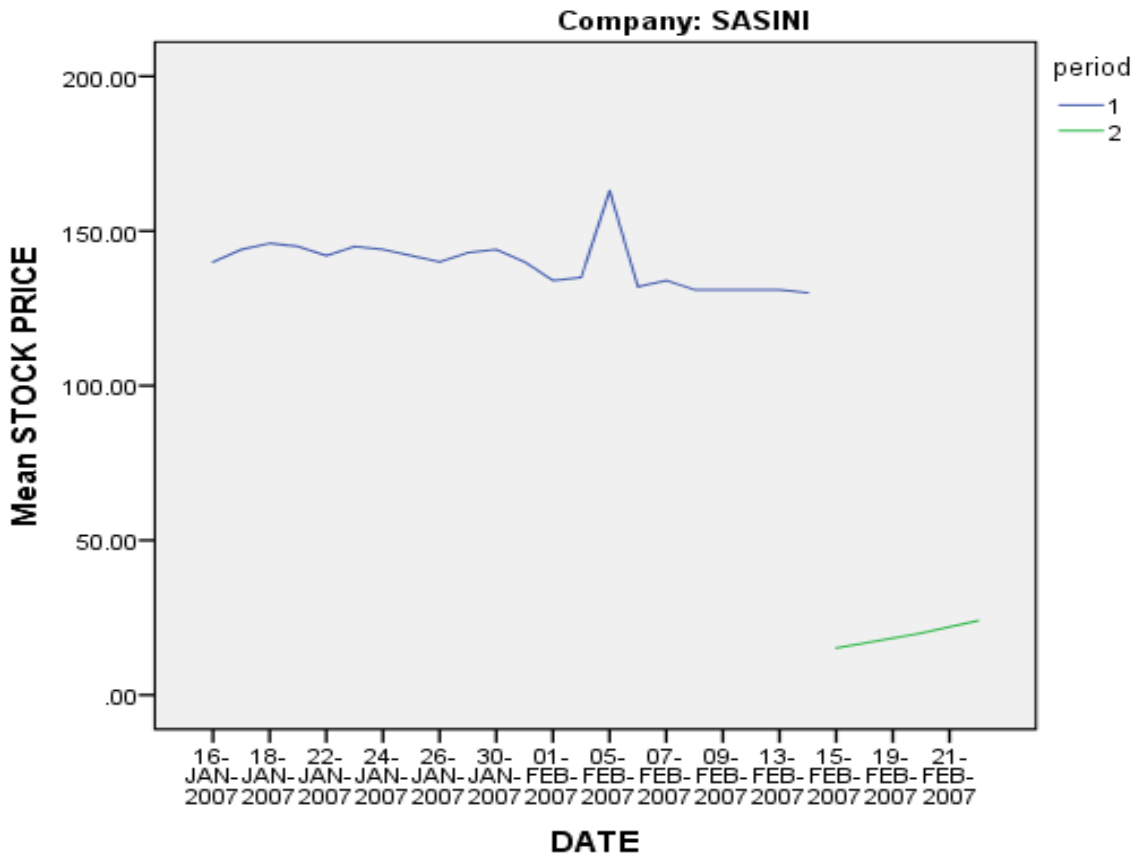
Table 4.1 Sample of the eleven companies that were studied

ECONOMIC SECTOR	COMPANY	DATE OF SPLIT	SPLIT RATIO	PRICE BEFORE SPLIT	PRICE AFTER SPLIT
AGRICULTURAL	SASINI LTD	15-02-2007	5:1	130	15.25
BANKING	BARCLAYS BANK LTD	30-11-2004	5:1	571	91
	KENYA COMMERCIAL BANK LTD	03-04-2007	10:1	208	22.75
	EQUITY BANK	26-03-2009	10:1	125	13.7
COMMERCIAL & SERVICES	CMC HOLDINGS	27-02-2007	10:1	157	16.1
	NATION MEDIA GROUP LTD	28-07-2008	2:1	339	263
CONSTRUCTION & ALLIED	ATHI RIVER MINING	04-01-2013	5:1	230	50
	EAST AFRICAN CABLES	29-11-2004	5:1	520	114
ENERGY & PETROLIUM	KENOL KOBIL LTD	02-06-2009	10:1	100	10
	KENYA POWER	22-11-2010	8:1	225	28
MANUFACTURING & ALLIED	CARBACID INVESTMENTS LTD	18-11-2013	5:1	231	40

4.3.2 Stock Prices Behavior before and after the Stock Split

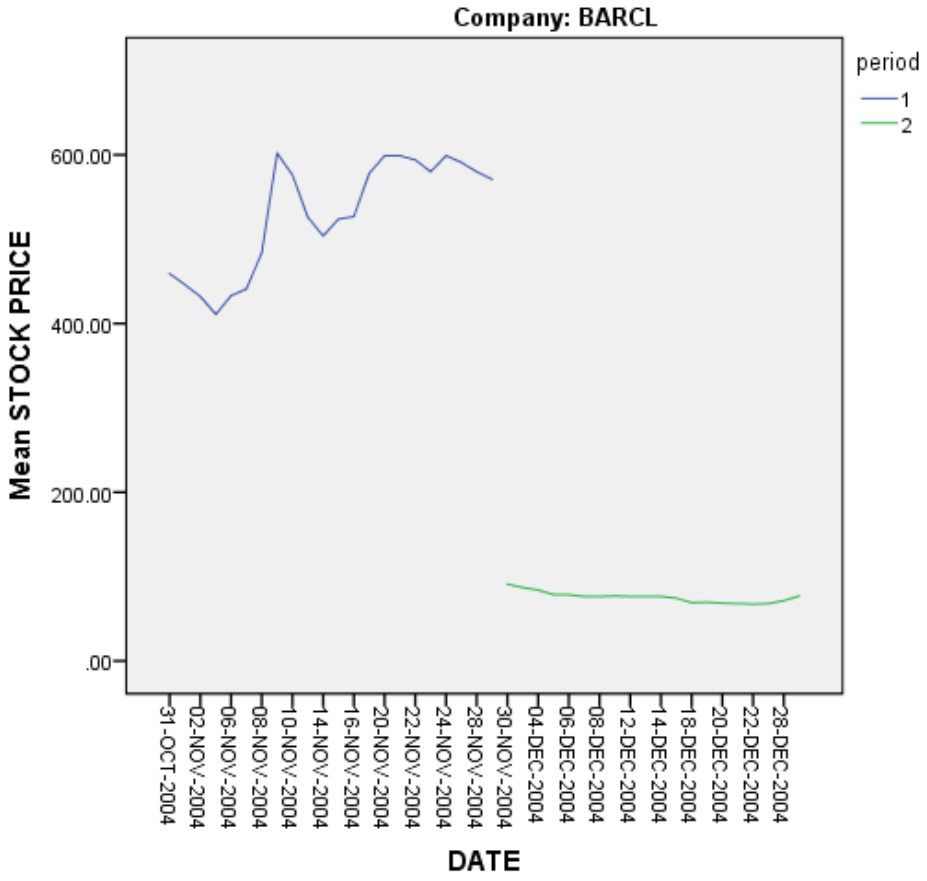
It was observed that stock prices were unstable 30 days before the stock splits but they stabilized after the stock splits. Below are the movements of each stock.

i. **Figure 4.1 Sasini Ltd**



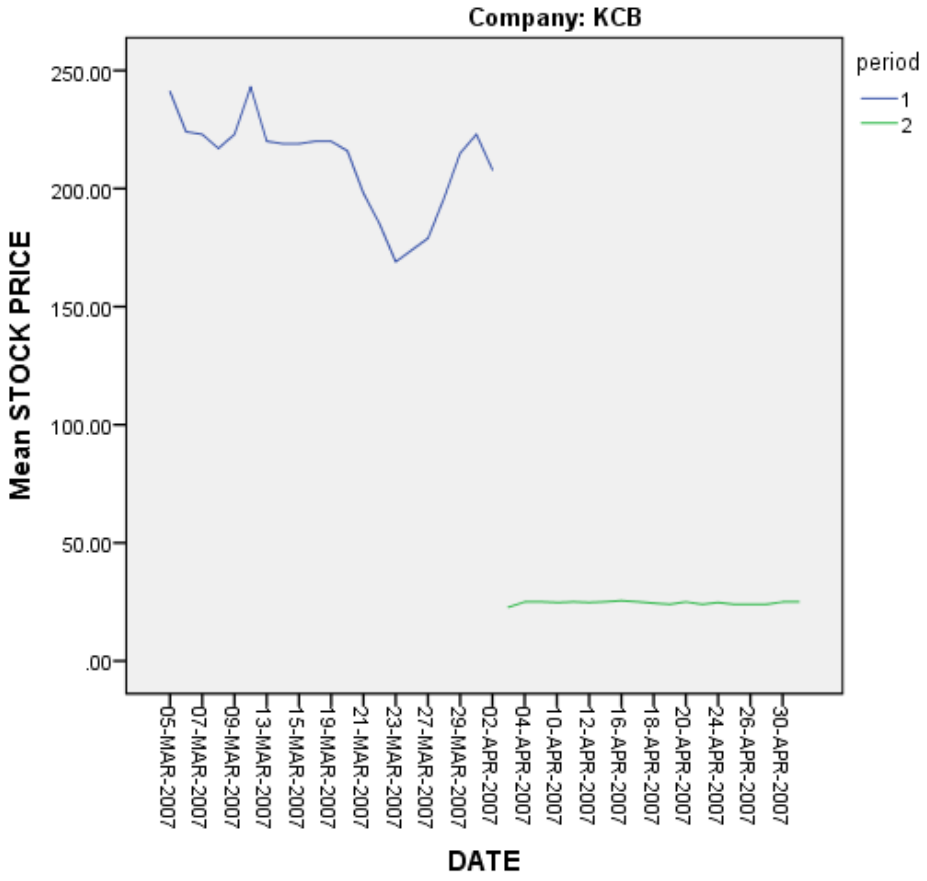
Sasini Ltd in the agricultural sector split its stock price in the ratio of 5:1 on 14 February 2007 when the price was retailing at ksh 130. From the graph, before the split, the price movement was slightly unstable and on a downward moving trend but it stabilised and on an upward movement trend after the split.

ii. Figure 4.2 Barclays Bank Ltd



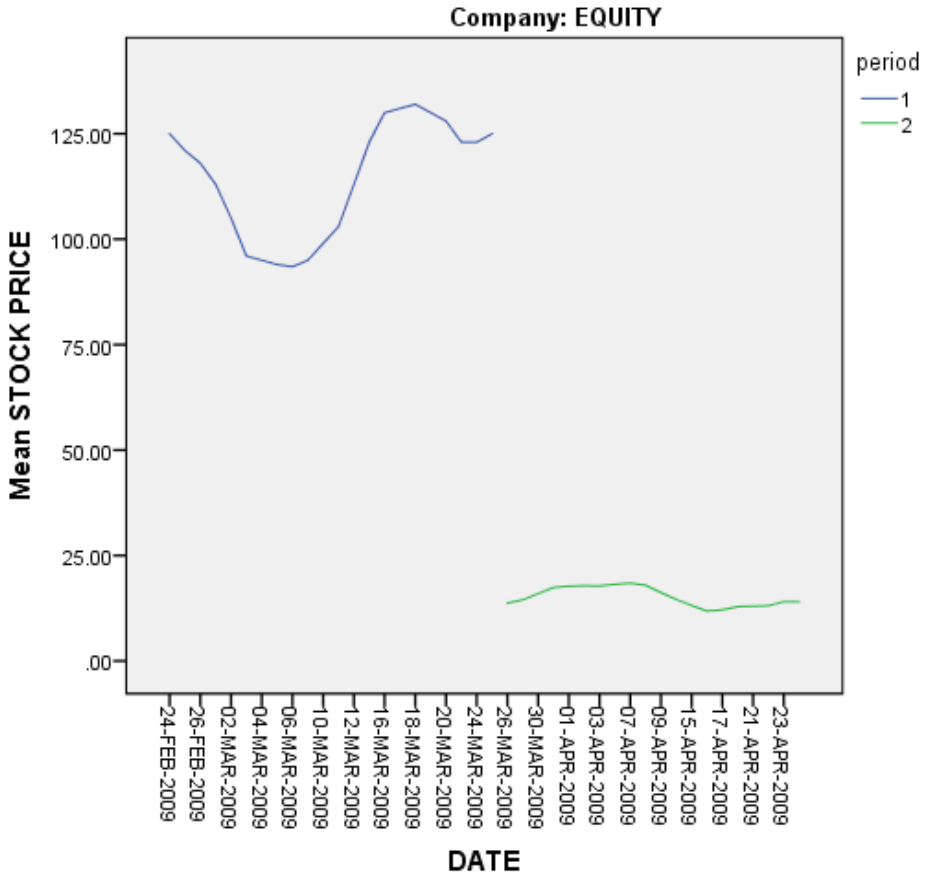
Barclays Bank Ltd in the banking sector split its stock on 30 November 2004 in the ratio of 5:1 when its stock was trading at ksh 571. From the graph, before the split, the price movement was unstable and on a upward movement trend but it stabilised after the split though on slight price decrease.

iii. Figure 4.3 Kenya Commercial bank Ltd



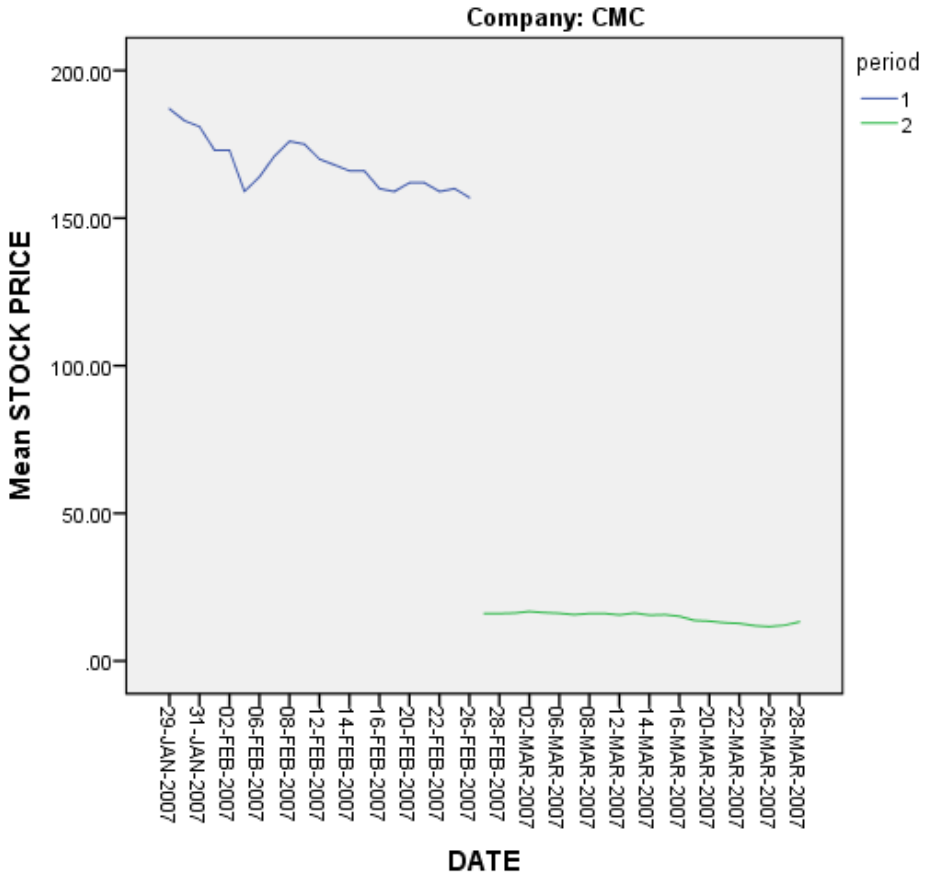
Kenya Commercial Bank Ltd in the banking sector split its stock on 3 April 2007 in the ratio of 10:1 when its stock was trading at ksh 208. From the graph, before the split, the price movement was very unstable but it stabilised after the split.

iv. Figure 4.4 Equity Bank Ltd



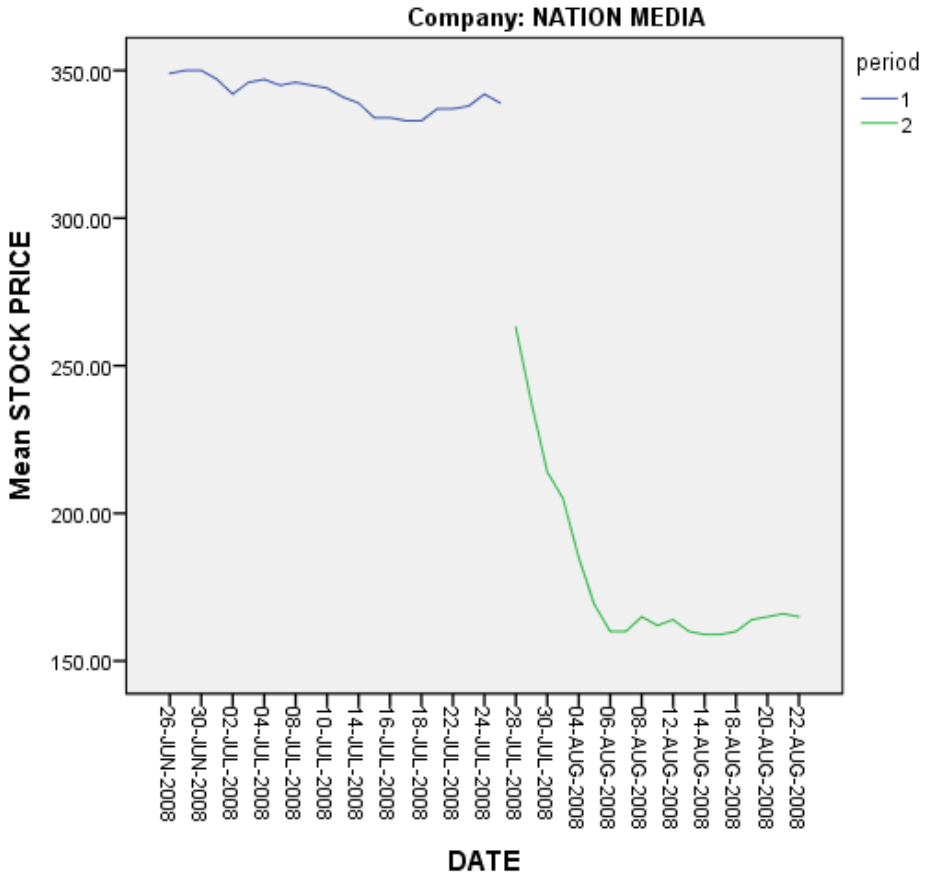
Equity Bank Ltd in the banking sector split its stock on 26 March 2009 in the ratio of 10:1 when its stock was trading at ksh 125. From the graph, before the split, the price movement was very unstable but it slighly stabilised after the split.

v. Figure 4.5 CMC Holdings



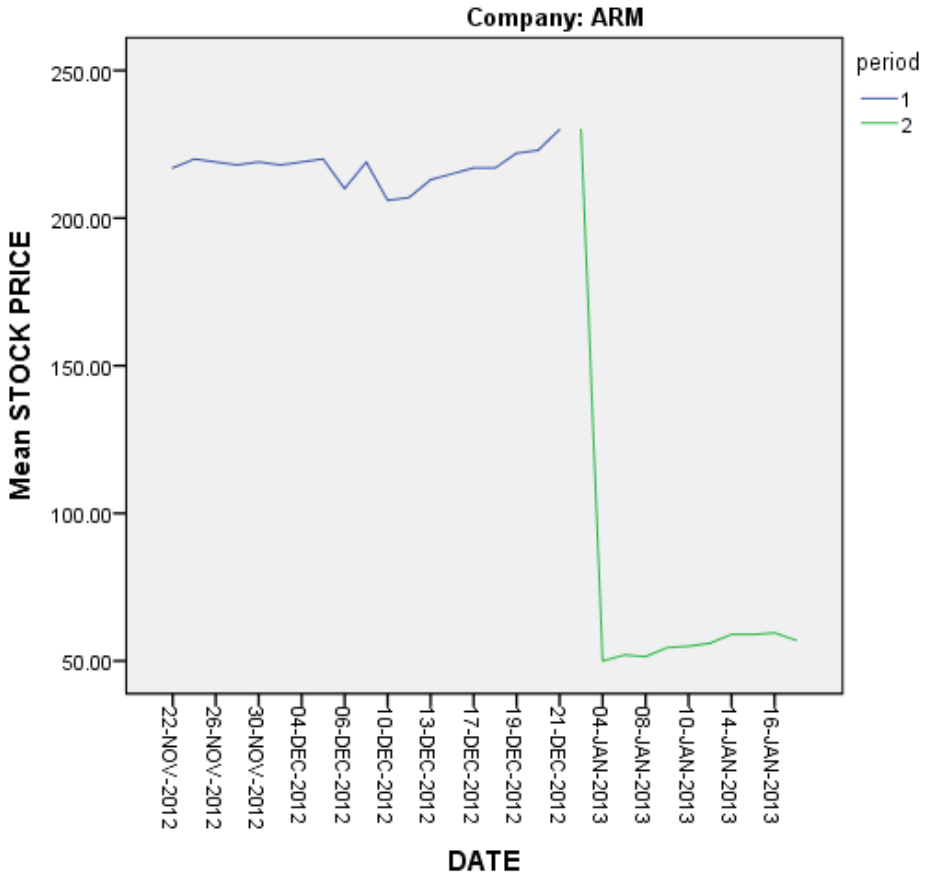
CMC Holdings in the commercial and services sector split its stock on 27 February 2007 in the ratio of 10:1 when its stock was trading at ksh 157. From the graph, before the split, the price movement was very unstable and on a downward movement trend but it stabilised after the split.

vi. Figure 4.6 Nation Media Group



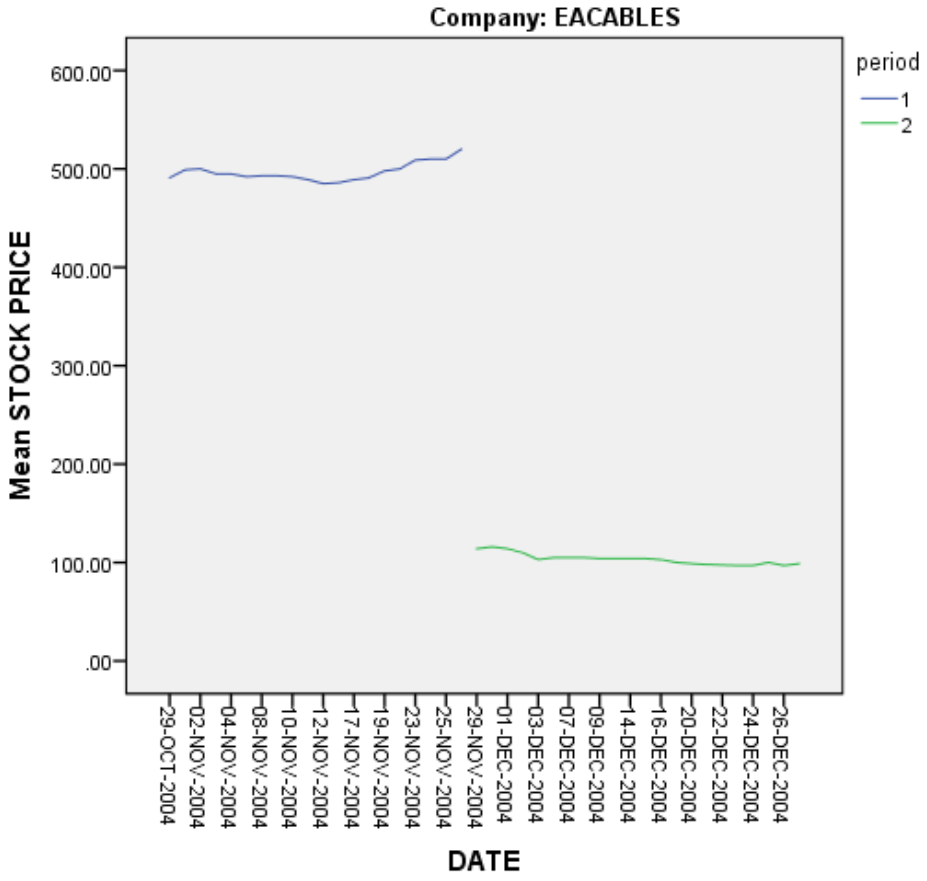
Nation Media Group Ltd in the commercial and services sector split its stock on 28 July 2008 in the ratio of 2:1 when its stock was trading at ksh 339. From the graph, before the split, the price movement was unstable and on a downward movement trend.There was a sharp decline in stock prices after the split but it stabilised after a few days of the split.

vii. Figure 4.7Athi River Mining Ltd



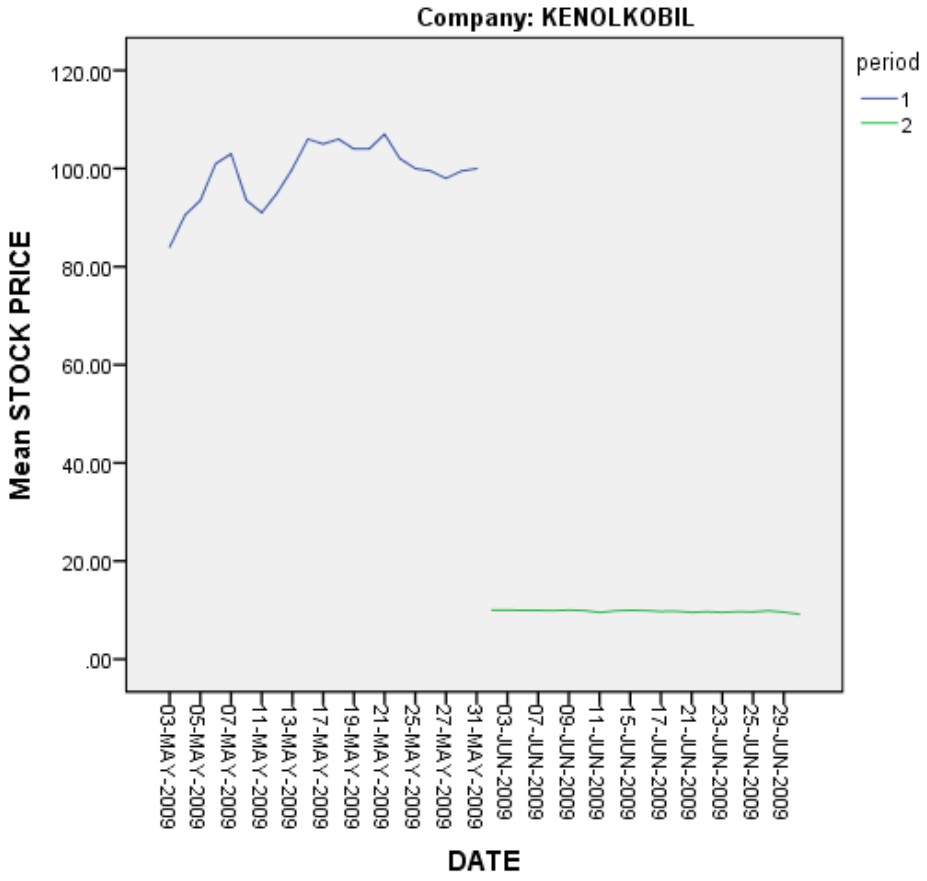
Athi River Mining Ltd in the construction and allied sector split its stock on 04 January 2013 in the ratio of 5:1 when its stock was trading at ksh 230. From the graph, before the split, the price movement was very unstable and on a upward movement trend but it stabilised after the split.

viii. Figure 4.8 East African Cables Ltd



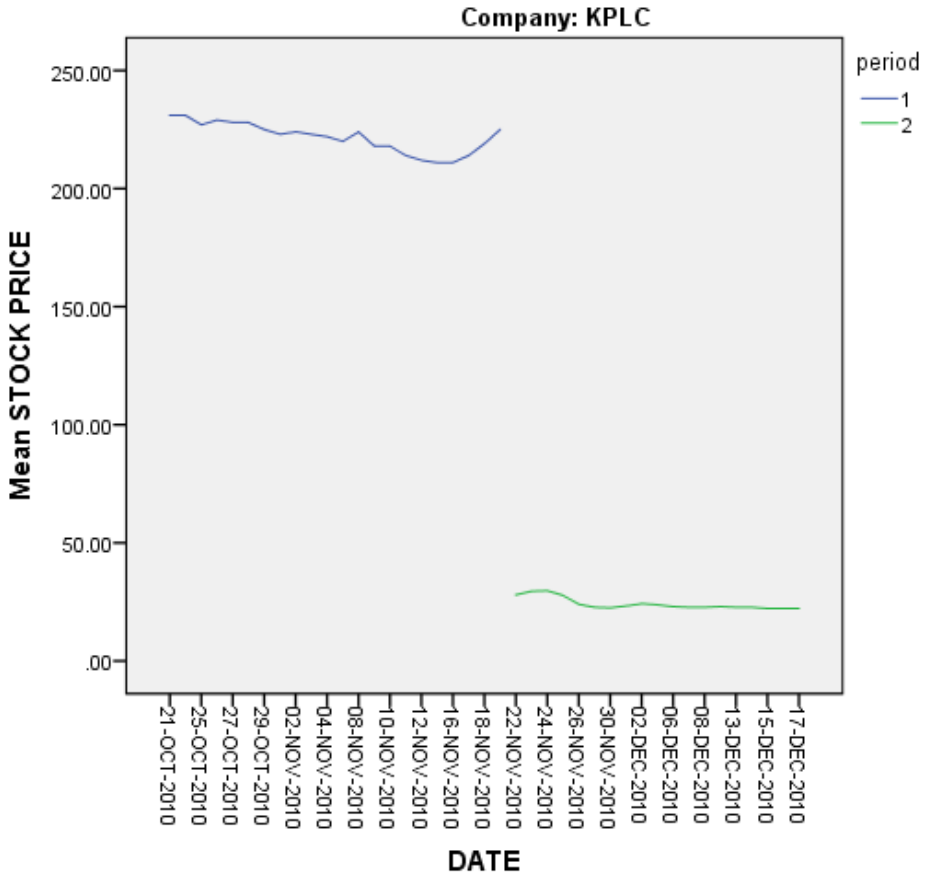
East African Cables Ltd in the construction and allied sector split its stock on 29 November 2004 in the ratio of 5:1 when its stock was trading at ksh 520. From the graph, before the split, the price movement was slightly stable and on a upward movement trend but it stabilised after the split.

ix. Figure 4.9 Kenol Kobil Ltd



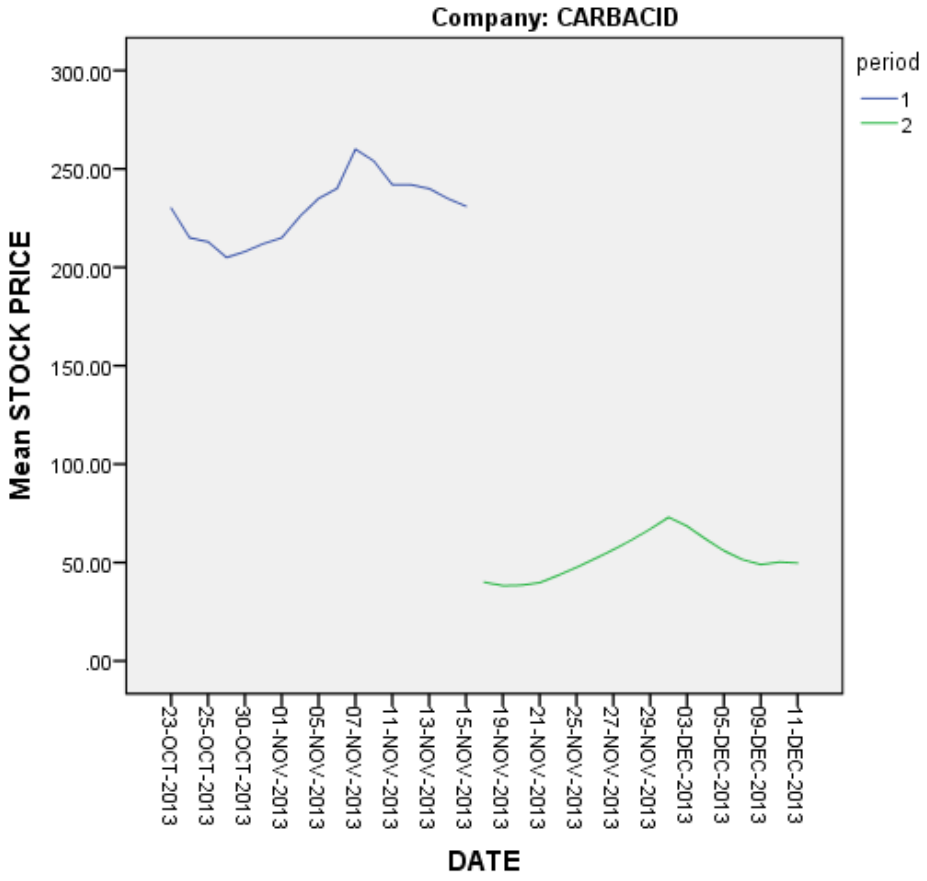
Kenol Kobil Ltd in the energy and petroleum sector split its stock on 02 June 2009 in the ratio of 10:1 when its stock was trading at ksh 100. From the graph, before the split, the price movement was very unstable and on a upward movement trend but it stabilised after the split.

x. **Figure 4.10 Kenya Power & Lighting Company Ltd**



Kenya Power & Lighting Company Ltd in the energy and petroleum sector split its stock on 22 November 2010 in the ratio of 8:1 when its stock was trading at ksh 225. From the graph, before the split, the price movement was slightly stable and on a downward movement trend but it stabilised after the split.

xi. Figure 4.11 Carbacid Investments Ltd



Carbacid Investment Ltd in the manufacturing and allied sector split its stock on 18 November 2013 in the ratio of 5:1 when its stock was trading at ksh 231. From the graph, before the split, the price movement was unstable and on an upward movement trend but it slighly stabilised after the split.

4.4 Correlation Analysis

Coefficient of variation in stock prices before and after the split was calculated to determine the relationship in movement. The stock prices were found to be very unstable before the stock split but were stable after the stock split

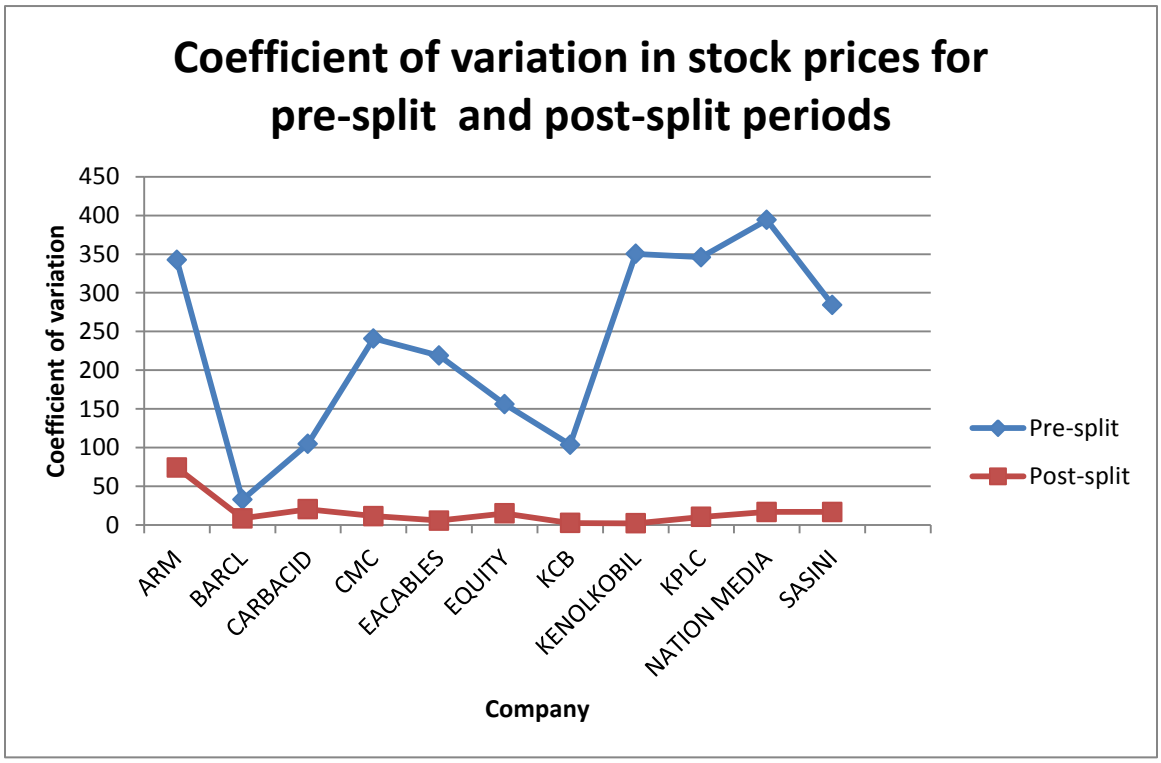


Figure 4.12 Coefficient of variation in stock prices for pre-stock and post-split periods

4.5 Regression Analysis and Hypothesis Testing

To determine the effect of stock split on stock prices, mean stock price volatility during pre-stock split and post stock split was regressed and a t-test conducted.

Table 4.1 Mean volatility as measured by the coefficient of variation

company	pre	post
ARM	342.4473	74.06744
BARCL	32.80794	8.544433
CARBACID	104.9248	20.33748
CMC	240.9998	11.50044
EACABLES	218.729	5.522406
EQUITY	156.2403	14.99092
KCB	103.655	2.605404
KENOLKOBIL	350.3245	2.174142
KPLC	346.0482	10.44617
NATION MEDIA	394.1148	16.84248
SASINI	284.3215	16.8652

Table 4.2 Mean, Std Deviation and Std Error mean

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	pre	234.0557	11	121.02611	36.490748
	post	16.71786	11	19.936085	6.01095

Table 4.3 Paired Samples Test for the coefficient of variation

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	pre - post	217.3378	116.692	35.18422	138.942	295.733	6.177	10	.000

Table 4.4 Mean Stock Prices during Pre & Post Split Periods

	Mean Prices		**Expected Mean Stock Price**		
Company	**pre split**	**Post split**	**Pre-split mean/Split ratio**	**Mean Gain/(Loss)**	**Split ratio**
ATHI RIVER MINING	217.32	71.23	43.46	27.76	5:1
BARCLAYS BANK	529.82	75.60	105.96	(30.36)	5:1
CARBACID INVESTMENTS	229.59	52.47	45.92	6.55	5:1
CMC HOLDINGS	168.14	14.79	16.81	(2.02)	10:1
EAST AFRICAN CABLES	496.85	103.43	99.37	4.06	5:1
EQUITY BANK LTD	114.34	15.22	11.43	3.79	10:1
KCB BANK LTD	211.05	24.58	21.10	3.47	10:1
KENOLKOBIL LTD	99.17	9.77	9.92	(0.14)	10:1
KPLC LTD	221.68	24.17	27.71	(3.54)	8:1
NATION MEDIA GROUP L	341.73	178.00	1.92	176.08	2:1
SASINI LTD	139.41	19.40	27.88	(8.48)	5:1

4.6 Discussion of Research Findings

It was found out that stock split occurred when the stock prices have gone up. For all the splits observed, the stock prices were above ksh 100. This lends credence to the optimal tick size hypothesis that says that when the stock prices have become too high, there is

need to bring them down to an optimum level. Too high prices may also become too expensive for the investors to afford thus making less of such shares to be traded. One way of reducing stock prices down is believed to be through stock splits.

Stock prices were found to be unstable before the split but were found to be stable after stock split. The effect of stock split on stock prices seems to be stability that it brings in stock prices. Stability in stock prices could point to optimum valuation issues that stock splits tend to bring the stock prices to their intrinsic values. The coefficient of variation for pre-split prices and post-split prices was found to be significant meaning that stock prices behave differently during pre-split and post period periods.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings, and conclusion made by the researcher and the researcher's recommendation for further research.

5.2 Summary of Findings

Some scholars have argued that stock split is a cosmetic exercise with no benefits to the shareholders since it only alters the number of shares held in a company. Despite the perceived lack of benefit, it was found to be a common practice among companies listed at the NSE. Between 2004 and 2014, a total of fifteen stock splits had occurred at the NSE. This averages to at least one split in a year. The split was found to be common among all the sectors of the economy as classified by the NSE.

The most common ratio of split was found to be 10:1 then followed by 5:1.The study also found out that the stock prices were unstable in the pre-split period but the prices stabilized in the post-split period. The study sought to found out the effect of stock splits on stock prices for companies listed at the NSE. In all the eleven stock splits that were studied, all of them were forward stock splits. There was none for reverse stock split. The most type of stock split at the NSE was therefore found to be forward stock split.

5.3 Conclusion

The study sought to find out the effect of stock splits on stock prices for companies listed at the NSE. The stock prices were found to be very high before the split and unstable with

some prices on an upward moving trend while others on a downward moving trend. The companies that had split their stocks had indeed had their stock prices risen to high levels that they had become too expensive to the investors. For example pre-stock split mean price of East African Cables was ksh 208 on 02 November 2004, Barclays Bank's stock price was ksh 602 on 09 November 2006 and Nation Media Group's stock price was ksh 350 on 30 June 2008.

The stocks prices were found to have reduced and stable after the stock split. On the first day of post-split, the stock price of East African Cables was ksh 114 and that of ksh 91. Stock split effectively reduced the stock prices to lower levels that were affordable to the investors. This study concludes that stock splits were found to be reducing the stock prices to lower levels and had a stabilizing effect on the stock prices to reduce the stock price volatility.

5.4 Recommendations

For stocks whose prices have gone up to levels where they become expensive for ordinary investors to invest in them, stock split is an activity that should be undertaken to bring such share prices down to affordable levels and for such stocks that are high and unstable, stock splits could be used to stabile such prices.

5.5 Limitations of the Study

The study only covered companies listed at the NSE thus left out those companies that are not listed. Studying more companies both listed and non-listed would have given better representative results than studying only listed companies. The study took a sample

of eleven companies out of fifteen that had had stock splits between 2004 and 2014. If all the fifteen companies had been studied, probably the result would be different because the study would be more representative. The study used secondary data which could have been distorted thus not giving accurate information which may have had a negative impact on the final conclusion made from data analysis.

As a student with only three months to carry out this research, time was a major constraint. If the researcher had more time, he would expand the scope of this study to include other variables such liquidity and profitability in the study. The study also lacked adequate financial resources so as to study the listed companies in Kenya and in the region (East Africa). The researcher therefore studied only those companies listed at the NSE because their information was easily available and would not require resources like travelling costs unlike if he was to travel to for example Rwanda, Tanzania, and Uganda to get the information at their stock exchange markets.

5.6 Suggestions for Further Research

This study used the stock prices for periods 30 days before and after the split. A similar study could be conducted and use the stock prices for 120 or 180 days both pre-split and post-split period. This long period may remove some biasness that may influence stock prices following the stock split announcements.

A study could be undertaken to determine the relationship between stock splits and profitability of firms. Firms that had undertaken stock splits were found to have had high stock prices. The high stock prices could be attributed to good performance of such firms thus they must have recorded good profits. The relationship between profitability and

profitability could therefore be studied to determine if the profitability of such firms that perform splits do continues in future years after the stock splits.

A study could also be conducted to determine the factors that motivate companies to perform stock splits and issue share bonuses. These are corporate actions that do not actually change the value of the companies in the short term but are believed to be having long term effects on the company's performance and valuation thus are good areas of study to generate more knowledge on their application in day to day management of corporate affairs.

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Appendices

Tables of stock prices 30 days pre-split and 30 days post-split

FIRM	EAST AFRICAN CABLES	
INDUSTRY	INDUSTRIAL & ALLIED	
SPLIT DATE	29-11-2004	
SPLIT RATIO	5:1	

DATE	DAY	STOCK PRICE
29-Oct-04	-30	491
30-Oct-04	-29	
31-Oct-04	-28	
1-Nov-04	-27	499
2-Nov-04	-26	500
3-Nov-04	-25	495
4-Nov-04	-24	495
5-Nov-04	-23	492
6-Nov-04	-22	
7-Nov-04	-21	
8-Nov-04	-20	493
9-Nov-04	-19	493
10-Nov-04	-18	492
11-Nov-04	-17	489
12-Nov-04	-16	485
13-Nov-04	-15	
14-Nov-04	-14	
15-Nov-04	-13	
16-Nov-04	-12	486
17-Nov-04	-11	489
18-Nov-04	-10	491
19-Nov-04	-9	498
20-Nov-04	-8	
21-Nov-04	-7	
22-Nov-04	-6	500
23-Nov-04	-5	509
24-Nov-04	-4	510
25-Nov-04	-3	510
26-Nov-04	-2	520
27-Nov-04	-1	
28-Nov-04	1	
29-Nov-04	2	114
30-Nov-04	3	116
1-Dec-04	4	114
2-Dec-04	5	110
3-Dec-04	6	103
4-Dec-04	7	
5-Dec-04	8	
6-Dec-04	9	105
7-Dec-04	10	105
8-Dec-04	11	105
9-Dec-04	12	104
10-Dec-04	13	104
11-Dec-04	14	
12-Dec-04	15	
13-Dec-04	16	
14-Dec-04	17	104
15-Dec-04	18	104
16-Dec-04	19	103
17-Dec-04	20	100
18-Dec-04	21	
19-Dec-04	22	
20-Dec-04	23	99
21-Dec-04	24	98
22-Dec-04	25	97.5
23-Dec-04	26	97
24-Dec-04	27	97
25-Dec-04	28	100
26-Dec-04	29	97
27-Dec-04	30	99

Source-NSE

FIRM	BARCLAYS		
INDUSTRY	BANKING		
SPLIT DATE	30-11-2006		
SPLIT RATIO	1:5		
	DATE	DAY	STOCK PRICE
	31-Oct-04	-30	459
	1-Nov-04	-29	446
	2-Nov-04	-28	432
	3-Nov-04	-27	411
	4-Nov-04	-26	
	5-Nov-04	-25	
	6-Nov-04	-24	433
	7-Nov-04	-23	441
	8-Nov-04	-22	484
	9-Nov-04	-21	602
	10-Nov-04	-20	576
	11-Nov-04	-19	
	12-Nov-04	-18	
	13-Nov-04	-17	526
	14-Nov-04	-16	504
	15-Nov-04	-15	524
	16-Nov-04	-14	527
	17-Nov-04	-13	578
	18-Nov-04	-12	
	19-Nov-04	-11	
	20-Nov-04	-10	599
	21-Nov-04	-9	599
	22-Nov-04	-8	594
	23-Nov-04	-7	580
	24-Nov-04	-6	599
	25-Nov-04	-5	
	26-Nov-04	-4	
	27-Nov-04	-3	591
	28-Nov-04	-2	580
	29-Nov-04	-1	571
	30-Nov-04	1	91
	1-Dec-04	2	87
	2-Dec-04	3	
	3-Dec-04	4	
	4-Dec-04	5	84
	5-Dec-04	6	78.5
	6-Dec-04	7	78.5
	7-Dec-04	8	76.5
	8-Dec-04	9	76.5
	9-Dec-04	10	
	10-Dec-04	11	
	11-Dec-04	12	77
	12-Dec-04	13	76.5
	13-Dec-04	14	76.5
	14-Dec-04	15	76.5
	15-Dec-04	16	74.5
	16-Dec-04	17	
	17-Dec-04	18	
	18-Dec-04	19	69
	19-Dec-04	20	69.5
	20-Dec-04	21	68.5
	21-Dec-04	22	68
	22-Dec-04	23	67.5
	23-Dec-04	24	
	24-Dec-04	25	
	25-Dec-04	26	
	26-Dec-04	27	
	27-Dec-04	28	68
	28-Dec-04	29	71.5
	29-Dec-04	30	77

Source-NSE

FIRM	SASINI		
INDUSTRY	AGRICULTURAL		
SPLIT DATE	14-02-2007		
SPLIT RATIO	5:1		
	DATE	DAY	STOCK PRICE
	16-Jan-07	-30	140
	17-Jan-07	-29	144
	18-Jan-07	-28	146
	19-Jan-07	-27	145
	20-Jan-07	-26	
	21-Jan-07	-25	
	22-Jan-07	-24	142
	23-Jan-07	-23	145
	24-Jan-07	-22	144
	25-Jan-07	-21	142
	26-Jan-07	-20	140
	27-Jan-07	-19	
	28-Jan-07	-18	
	29-Jan-07	-17	143
	30-Jan-07	-16	144
	31-Jan-07	-15	140
	1-Feb-07	-14	134
	2-Feb-07	-13	135
	3-Feb-07	-12	
	4-Feb-07	-11	
	5-Feb-07	-10	163
	6-Feb-07	-9	132
	7-Feb-07	-8	134
	8-Feb-07	-7	131
	9-Feb-07	-6	131
	10-Feb-07	-5	
	11-Feb-07	-4	
	12-Feb-07	-3	131
	13-Feb-07	-2	131
	14-Feb-07	-1	130
	15-Feb-07	1	15.25
	16-Feb-07	2	16.75
	17-Feb-07	3	
	18-Feb-07	4	
	19-Feb-07	5	18.4
	20-Feb-07	6	20
	21-Feb-07	7	22
	22-Feb-07	8	24
	23-Feb-07	9	24
	24-Feb-07	10	
	25-Feb-07	11	
	26-Feb-07	12	24
	27-Feb-07	13	24
	28-Feb-07	14	22.25
	1-Mar-07	15	22
	2-Mar-07	16	20.25
	3-Mar-07	17	
	4-Mar-07	18	
	5-Mar-07	19	18.25
	6-Mar-07	20	16.45
	7-Mar-07	21	16.75
	8-Mar-07	22	16.55
	9-Mar-07	23	17.1
	10-Mar-07	24	
	11-Mar-07	25	
	12-Mar-07	26	17.05
	13-Mar-07	27	17.6
	14-Mar-07	28	18.45
	15-Mar-07	29	17.5
	16-Mar-07	30	17

Source-NSE

FIRM	CMC HOLDINGS		
INDUSTRY	COMMERCIAL & SERVISES		
SPLIT DATE	26-02-2007		
SPLIT RATIO	10:1		
	DATE	DAY	STOCK PRICE
	28-Jan-07	-30	
	29-Jan-07	-29	187
	30-Jan-07	-28	183
	31-Jan-07	-27	181
	1-Feb-07	-26	173
	2-Feb-07	-25	173
	3-Feb-07	-24	
	4-Feb-07	-23	
	5-Feb-07	-22	159
	6-Feb-07	-21	164
	7-Feb-07	-20	171
	8-Feb-07	-19	176
	9-Feb-07	-18	175
	10-Feb-07	-17	
	11-Feb-07	-16	
	12-Feb-07	-15	170
	13-Feb-07	-14	168
	14-Feb-07	-13	166
	15-Feb-07	-12	166
	16-Feb-07	-11	160
	17-Feb-07	-10	
	18-Feb-07	-9	
	19-Feb-07	-8	159
	20-Feb-07	-7	162
	21-Feb-07	-6	162
	22-Feb-07	-5	159
	23-Feb-07	-4	160
	24-Feb-07	-3	
	25-Feb-07	-2	
	26-Feb-07	-1	157
	27-Feb-07	1	16.1
	28-Feb-07	2	16.05
	1-Mar-07	3	16.25
	2-Mar-07	4	16.8
	3-Mar-07	5	
	4-Mar-07	6	
	5-Mar-07	7	16.4
	6-Mar-07	8	16.15
	7-Mar-07	9	15.7
	8-Mar-07	10	16.1
	9-Mar-07	11	16.1
	10-Mar-07	12	
	11-Mar-07	13	
	12-Mar-07	14	15.6
	13-Mar-07	15	16.2
	14-Mar-07	16	15.5
	15-Mar-07	17	15.65
	16-Mar-07	18	15.1
	17-Mar-07	19	
	18-Mar-07	20	
	19-Mar-07	21	13.75
	20-Mar-07	22	13.5
	21-Mar-07	23	12.95
	22-Mar-07	24	12.7
	23-Mar-07	25	11.95
	24-Mar-07	26	
	25-Mar-07	27	
	26-Mar-07	28	11.6
	27-Mar-07	29	12.05
	28-Mar-07	30	13.25

Source-NSE

FIRM	KCB		
INDUSTRY	BANKING		
SPLIT DATE	2/4/2007		
SPLIT RATIO	10:1		
	DATE	DAY	STOCK PRICE
	4-Mar-07	-30	
	5-Mar-07	-29	241
	6-Mar-07	-28	224
	7-Mar-07	-27	223
	8-Mar-07	-26	217
	9-Mar-07	-25	223
	10-Mar-07	-24	
	11-Mar-07	-23	
	12-Mar-07	-22	243
	13-Mar-07	-21	220
	14-Mar-07	-20	219
	15-Mar-07	-19	219
	16-Mar-07	-18	220
	17-Mar-07	-17	
	18-Mar-07	-16	
	19-Mar-07	-15	220
	20-Mar-07	-14	216
	21-Mar-07	-13	198
	22-Mar-07	-12	185
	23-Mar-07	-11	169
	24-Mar-07	-10	
	25-Mar-07	-9	
	26-Mar-07	-8	174
	27-Mar-07	-7	179
	28-Mar-07	-6	196
	29-Mar-07	-5	215
	30-Mar-07	-4	223
	31-Mar-07	-3	
	1-Apr-07	-2	
	2-Apr-07	-1	208
	3-Apr-07	1	22.75
	4-Apr-07	2	25
	5-Apr-07	3	25
	6-Apr-07	4	
	7-Apr-07	5	
	8-Apr-07	6	
	9-Apr-07	7	
	10-Apr-07	8	24.75
	11-Apr-07	9	25
	12-Apr-07	10	24.75
	13-Apr-07	11	25
	14-Apr-07	12	
	15-Apr-07	13	
	16-Apr-07	14	25.5
	17-Apr-07	15	25
	18-Apr-07	16	24.5
	19-Apr-07	17	24
	20-Apr-07	18	25
	21-Apr-07	19	
	22-Apr-07	20	
	23-Apr-07	21	24
	24-Apr-07	22	24.75
	25-Apr-07	23	24
	26-Apr-07	24	24
	27-Apr-07	25	24
	28-Apr-07	26	
	29-Apr-07	27	
	30-Apr-07	28	25
	1-May-07	29	
	2-May-07	30	25

Source-NSE

FIRM	NATION MEDIA GROUP		
INDUSTRY	COMMERCIAL & SERVISES		
SPLIT DATE	25-07-2008		
SPLIT RATIO	2:1		
NATION MEDIA	DATE	DAY	STOCK PRICE
	26-Jun-08	-30	349
	27-Jun-08	-29	350
	28-Jun-08	-28	
	29-Jun-08	-27	
	30-Jun-08	-26	350
	1-Jul-08	-25	347
	2-Jul-08	-24	342
	3-Jul-08	-23	346
	4-Jul-08	-22	347
	5-Jul-08	-21	
	6-Jul-08	-20	
	7-Jul-08	-19	345
	8-Jul-08	-18	346
	9-Jul-08	-17	345
	10-Jul-08	-16	344
	11-Jul-08	-15	341
	12-Jul-08	-14	
	13-Jul-08	-13	
	14-Jul-08	-12	339
	15-Jul-08	-11	334
	16-Jul-08	-10	334
	17-Jul-08	-9	333
	18-Jul-08	-8	333
	19-Jul-08	-7	
	20-Jul-08	-6	
	21-Jul-08	-5	337
	22-Jul-08	-4	337
	23-Jul-08	-3	338
	24-Jul-08	-2	342
	25-Jul-08	-1	339
	26-Jul-08	1	
	27-Jul-08	2	
	28-Jul-08	3	263
	29-Jul-08	4	237
	30-Jul-08	5	214
	31-Jul-08	6	
	1-Aug-08	7	205
	2-Aug-08	8	
	3-Aug-08	9	
	4-Aug-08	10	185
	5-Aug-08	11	169
	6-Aug-08	12	160
	7-Aug-08	13	160
	8-Aug-08	14	165
	9-Aug-08	15	
	10-Aug-08	16	
	11-Aug-08	17	162
	12-Aug-08	18	164
	13-Aug-08	19	160
	14-Aug-08	20	159
	15-Aug-08	21	159
	16-Aug-08	22	
	17-Aug-08	23	
	18-Aug-08	24	160
	19-Aug-08	25	164
	20-Aug-08	26	165
	21-Aug-08	27	166
	22-Aug-08	28	165
	23-Aug-08	29	
	24-Aug-08	30	

Source-NSE

FIRM	EQUITY BANK		
INDUSTRY	FINANCE & INVESTMENTS		
SPLIT DATE	25-03-2009		
SPLIT RATIO	10:1		
	DATE	DAY	STOCK PRICE
	24-Feb-09	-30	125
	25-Feb-09	-29	121
	26-Feb-09	-28	118
	27-Feb-09	-27	113
	28-Feb-09	-26	
	1-Mar-09	-25	
	2-Mar-09	-24	105
	3-Mar-09	-23	96
	4-Mar-09	-22	95
	5-Mar-09	-21	94
	6-Mar-09	-20	93.5
	7-Mar-09	-19	
	8-Mar-09	-18	
	9-Mar-09	-17	95
	10-Mar-09	-16	99
	11-Mar-09	-15	103
	12-Mar-09	-14	113
	13-Mar-09	-13	123
	14-Mar-09	-12	
	15-Mar-09	-11	
	16-Mar-09	-10	130
	17-Mar-09	-9	131
	18-Mar-09	-8	132
	19-Mar-09	-7	130
	20-Mar-09	-6	128
	21-Mar-09	-5	
	22-Mar-09	-4	
	23-Mar-09	-3	123
	24-Mar-09	-2	123
	25-Mar-09	-1	125
	26-Mar-09	1	13.7
	27-Mar-09	2	14.5
	28-Mar-09	3	
	29-Mar-09	4	
	30-Mar-09	5	15.95
	31-Mar-09	6	17.4
	1-Apr-09	7	17.75
	2-Apr-09	8	17.85
	3-Apr-09	9	17.8
	4-Apr-09	10	
	5-Apr-09	11	
	6-Apr-09	12	18.15
	7-Apr-09	13	18.45
	8-Apr-09	14	17.95
	9-Apr-09	15	16.2
	10-Apr-09	16	
	11-Apr-09	17	
	12-Apr-09	18	
	13-Apr-09	19	
	14-Apr-09	20	14.6
	15-Apr-09	21	13.15
	16-Apr-09	22	11.85
	17-Apr-09	23	12.1
	18-Apr-09	24	
	19-Apr-09	25	
	20-Apr-09	26	12.9
	21-Apr-09	27	13
	22-Apr-09	28	13.1
	23-Apr-09	29	14.05
	24-Apr-09	30	14

Source-NSE

FIRM	KENOL KOBIL		
INDUSTRY	INDUSTRIAL & ALLIED		
SPLIT DATE	1/6/2009		
SPLIT RATIO	10:1		
	DATE	DAY	STOCK PRICE
	2-May-09	-30	
	3-May-09	-29	84
	4-May-09	-28	90.5
	5-May-09	-27	93.5
	6-May-09	-26	101
	7-May-09	-25	103
	8-May-09	-24	
	9-May-09	-23	
	10-May-09	-22	93.5
	11-May-09	-21	91
	12-May-09	-20	95
	13-May-09	-19	100
	14-May-09	-18	106
	15-May-09	-17	
	16-May-09	-16	
	17-May-09	-15	105
	18-May-09	-14	106
	19-May-09	-13	104
	20-May-09	-12	104
	21-May-09	-11	107
	22-May-09	-10	
	23-May-09	-9	
	24-May-09	-8	102
	25-May-09	-7	100
	26-May-09	-6	99.5
	27-May-09	-5	98
	28-May-09	-4	99.5
	29-May-09	-3	
	30-May-09	-2	
	31-May-09	-1	100
	1-Jun-09	1	
	2-Jun-09	2	10
	3-Jun-09	3	10
	4-Jun-09	4	9.95
	5-Jun-09	5	
	6-Jun-09	6	
	7-Jun-09	7	9.95
	8-Jun-09	8	9.9
	9-Jun-09	9	10
	10-Jun-09	10	9.9
	11-Jun-09	11	9.55
	12-Jun-09	12	
	13-Jun-09	13	
	14-Jun-09	14	9.85
	15-Jun-09	15	9.95
	16-Jun-09	16	9.9
	17-Jun-09	17	9.75
	18-Jun-09	18	9.8
	19-Jun-09	19	
	20-Jun-09	20	
	21-Jun-09	21	9.55
	22-Jun-09	22	9.7
	23-Jun-09	23	9.55
	24-Jun-09	24	9.7
	25-Jun-09	25	9.65
	26-Jun-09	26	
	27-Jun-09	27	
	28-Jun-09	28	9.85
	29-Jun-09	29	9.6
	30-Jun-09	30	9.15

Source-NSE

FIRM	KPLC		
INDUSTRY	INDUSTRIAL & ALLIED		
SPLIT DATE	19-11-2010		
SPLIT RATIO	1:8		
	DATE	DAY	STOCK PRICE
	21-Oct-10	-30	231
	22-Oct-10	-29	231
	23-Oct-10	-28	
	24-Oct-10	-27	
	25-Oct-10	-26	227
	26-Oct-10	-25	229
	27-Oct-10	-24	228
	28-Oct-10	-23	228
	29-Oct-10	-22	225
	30-Oct-10	-21	
	31-Oct-10	-20	
	1-Nov-10	-19	223
	2-Nov-10	-18	224
	3-Nov-10	-17	223
	4-Nov-10	-16	222
	5-Nov-10	-15	220
	6-Nov-10	-14	
	7-Nov-10	-13	
	8-Nov-10	-12	224
	9-Nov-10	-11	218
	10-Nov-10	-10	218
	11-Nov-10	-9	214
	12-Nov-10	-8	212
	13-Nov-10	-7	
	14-Nov-10	-6	
	15-Nov-10	-5	211
	16-Nov-10	-4	211
	17-Nov-10	-3	214
	18-Nov-10	-2	219
	19-Nov-10	-1	225
	20-Nov-10	1	
	21-Nov-10	2	
	22-Nov-10	3	28
	23-Nov-10	4	29.5
	24-Nov-10	5	29.75
	25-Nov-10	6	27.75
	26-Nov-10	7	24
	27-Nov-10	8	
	28-Nov-10	9	
	29-Nov-10	10	22.75
	30-Nov-10	11	22.5
	1-Dec-10	12	23.25
	2-Dec-10	13	24.25
	3-Dec-10	14	23.75
	4-Dec-10	15	
	5-Dec-10	16	
	6-Dec-10	17	23
	7-Dec-10	18	22.75
	8-Dec-10	19	22.75
	9-Dec-10	20	23
	10-Dec-10	21	
	11-Dec-10	22	
	12-Dec-10	23	
	13-Dec-10	24	22.75
	14-Dec-10	25	22.75
	15-Dec-10	26	22.25
	16-Dec-10	27	22.25
	17-Dec-10	28	22.25
	18-Dec-10	29	
	19-Dec-10	30	

Source-NSE

FIRM	ARM		
INDUSTRY	CONSTRUCTION& ALLIED		
SPLIT DATE	21-12-2012		
SPLIT RATIO	5:1		
	DATE	DAY	STOCK PRICE
	22-Nov-12	-30	217
	23-Nov-12	-29	220
	24-Nov-12	-28	
	25-Nov-12	-27	
	26-Nov-12	-26	219
	27-Nov-12	-25	
	28-Nov-12	-24	218
	29-Nov-12	-23	
	30-Nov-12	-22	219
	1-Dec-12	-21	
	2-Dec-12	-20	
	3-Dec-12	-19	218
	4-Dec-12	-18	219
	5-Dec-12	-17	220
	6-Dec-12	-16	210
	7-Dec-12	-15	219
	8-Dec-12	-14	
	9-Dec-12	-13	
	10-Dec-12	-12	206
	11-Dec-12	-11	207
	12-Dec-12	-10	
	13-Dec-12	-9	213
	14-Dec-12	-8	215
	15-Dec-12	-7	
	16-Dec-12	-6	
	17-Dec-12	-5	217
	18-Dec-12	-4	217
	19-Dec-12	-3	222
	20-Dec-12	-2	223
	21-Dec-12	-1	230
	22-Dec-12	1	
	23-Dec-12	2	
	24-Dec-12	3	
	25-Dec-12	4	
	26-Dec-12	5	
	27-Dec-12	6	230
	28-Dec-12	7	
	29-Dec-12	8	
	30-Dec-12	9	
	31-Dec-12	10	
	1-Jan-13	11	
	2-Jan-13	12	
	3-Jan-13	13	
	4-Jan-13	14	50
	5-Jan-13	15	
	6-Jan-13	16	
	7-Jan-13	17	52
	8-Jan-13	18	51.5
	9-Jan-13	19	54.5
	10-Jan-13	20	55
	11-Jan-13	21	56
	12-Jan-13	22	
	13-Jan-13	23	
	14-Jan-13	24	59
	15-Jan-13	25	59
	16-Jan-13	26	59.5
	17-Jan-13	27	
	18-Jan-13	28	57
	19-Jan-13	29	
	20-Jan-13	30	

Source-NSE

FIRM	CARBACID		
INDUSTRY	MANUFACTURING & ALLIED		
SPLIT DATE	15-11-2013		
SPLIT RATIO	1:5		
	DATE	DAY	STOCK PRICE
	17-Oct-13	-30	
	18-Oct-13	-29	
	19-Oct-13	-28	
	20-Oct-13	-27	
	21-Oct-13	-26	
	22-Oct-13	-25	
	23-Oct-13	-24	230
	24-Oct-13	-23	215
	25-Oct-13	-22	213
	26-Oct-13	-21	
	27-Oct-13	-20	
	28-Oct-13	-19	205
	29-Oct-13	-18	
	30-Oct-13	-17	208
	31-Oct-13	-16	212
	1-Nov-13	-15	215
	2-Nov-13	-14	
	3-Nov-13	-13	
	4-Nov-13	-12	226
	5-Nov-13	-11	235
	6-Nov-13	-10	240
	7-Nov-13	-9	260
	8-Nov-13	-8	254
	9-Nov-13	-7	
	10-Nov-13	-6	
	11-Nov-13	-5	242
	12-Nov-13	-4	242
	13-Nov-13	-3	240
	14-Nov-13	-2	235
	15-Nov-13	-1	231
	16-Nov-13	1	
	17-Nov-13	2	
	18-Nov-13	3	40
	19-Nov-13	4	38.25
	20-Nov-13	5	38.5
	21-Nov-13	6	39.75
	22-Nov-13	7	43.5
	23-Nov-13	8	
	24-Nov-13	9	
	25-Nov-13	10	47.5
	26-Nov-13	11	52
	27-Nov-13	12	56.5
	28-Nov-13	13	61.5
	29-Nov-13	14	67
	30-Nov-13	15	
	1-Dec-13	16	
	2-Dec-13	17	73
	3-Dec-13	18	68.5
	4-Dec-13	19	62
	5-Dec-13	20	56
	6-Dec-13	21	51.5
	7-Dec-13	22	
	8-Dec-13	23	
	9-Dec-13	24	49
	10-Dec-13	25	50.25
	11-Dec-13	26	49.75
	12-Dec-13	27	
	13-Dec-13	28	
	14-Dec-13	29	
	15-Dec-13	30	

Source-NSE