

AN IMPACT OF FINANCIAL REPORTING ON INVESTOR DECISIONS IN STOCK MARKET (WITH REFERENCE TO INDIABULLS)

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ABSTRACT

This project investigates the impact of financial reporting on investor decisions in the stock market, with a focus on comparing different securities returns of India bulls. It explores how transparent, accurate, and timely financial disclosures influence investor behaviour and decision-making processes. The study examines various financial reporting elements, such as earnings reports, balance sheets, and cash flow statements, and their effect on stock price volatility and investor confidence, specifically analyzing India bulls' securities returns. By analyzing historical data and investor reactions to different types of financial reports, the project aims to identify patterns and correlations that highlight the significance of robust financial reporting in fostering a trustworthy and efficient stock market

Keywords: Financial reporting, financial disclosures, stock price volatility, efficient stock market

INTRODUCTION

Corporate organizations owe a duty of disclosure on matters concerning their operations to aid investors in making investment decisions. This is because the investment decision makers rely on information obtained from financial statements to predict future rates of return. In all organizations in addition to satisfy the legislation requirements tend to retain existing investors and to attract potential ones through publication of the financial statements where the capital stock of a corporation is held and affairs are of interest to general public relations. The illustrations and discussions of the study will concentrate on the financial statement presented to shareholders and also available potential investors, bond holders and trade creditors as a tool of information for investment decision. Financial statements based on result on past activities are analyzed and interpreted as a basic for predicting future rate of returns and to process risk. Financial statements provide important information for a wide range of decisions. The investors get information from the statements of a firm in contemplating whether or not to invest. The potential shareholders before buying shares and bonds need to have enough information. These investors expect to secure returns on their investment such as dividends and increase the value of their enterprise which depends on the future profitability of the company. The past income is used to predict about the future dividend returns and increase in share value.

NEED OF THE STUDY

1. This study is conducted to understand the different investment options available in Indian markets.
2. The need for investment decisions comes down to achieve the long-term goal of the company i.e., survival or growth, retaining a market share and maintaining leadership in a

particular aspect of economic activity.

3. Expansion of the production process to meet the growing demand in the local market to benefit global markets and to achieve economic benefits.

SCOPE OF THE STUDY

The scope of this study encompasses a comprehensive analysis of the impact of financial reporting on investor decisions in the stock market, with a specific focus on comparing returns on different securities. It aims to explore how various aspects of financial reporting, such as transparency, accuracy, and timeliness, influence investor behavior and market dynamics. By examining these factors, the study seeks to identify patterns and correlations that highlight the significance of robust financial reporting practices in shaping investor confidence and market efficiency. The inclusion of a comparison of returns on different securities, particularly within the context of a company like Indiabulls, provides a practical framework for assessing the direct impact of financial disclosures

OBJECTIVES OF THE STUDY

1. To examine the practical usage of investment decisions of IndiaBulls Securities Limited.
2. To analyze the future value of rupee which is invested at present value.
3. To know the risks and returns in several investment decision options.
4. To measure returns and analyze the performing of every investment options.
5. To provide appropriate suggestions based on findings of the study.

REVIEW OF LITERATURE

"The Effect of Financial Reporting Quality on Investment Decisions" by X. Frank Zhang: Zhang's study delves into how variations in financial reporting quality influence investment decisions. It emphasizes that investors heavily rely on the accuracy, transparency, and timeliness of financial disclosures to make informed investment choices. Zhang argues that higher financial reporting quality reduces information asymmetry between companies and investors, thereby enhancing market efficiency and investor confidence.

"Financial Reporting and Investor Decision Making: The Role of Information Asymmetry" by Mary E. Barth and Wayne R. Landsman: Barth and Landsman explore how information asymmetry affects the relationship between financial reporting and investor decision-making processes. They argue that clear and reliable financial reporting mitigates information asymmetry by providing investors with accurate insights into a company's financial health and performance uncertainty through enhanced reporting

"The Impact of Earnings Quality on Investor Decisions" by Ilia D. Dichev: Dichev's research investigates the impact of earnings quality—such as earnings persistence and predictability—on investor decisions. He argues that earnings quality serves as a critical determinant of investor perceptions and valuation metrics.

"Financial Reporting Transparency and Investor Confidence" by Mark T. Bradshaw and Scott A. Richardson: Bradshaw and Richardson analyze the relationship between financial reporting transparency and investor confidence. They assert that transparent financial disclosures reduce uncertainty and enhance investor confidence in company management.

"Market Reactions to Financial Reporting Quality Improvements" by Patricia M. Dechow, Amy P. Hutton, and Richard G. Sloan: Dechow, Hutton, and Sloan study how market reactions vary in response to improvements in financial reporting quality. They find that enhancements in reporting quality, such as reduced earnings manipulation and improved disclosure practices, lead to more positive investor responses

RESEARCH METHODOLOGY

Primary data- refers to the first hand evidence left behind by participation or observers at the time of events, surveys, opinion polls, scientific data transcripts. It is the original and first information.

Secondary data involves the use of existing data collected by others for different purposes. For the Indiabulls case study, secondary data can be sourced from:

Financial Statements and Annual Reports: Indiabulls' official website, stock exchanges

Stock Market Data: Financial databases like Bloomberg, Reuters, or Indian stock exchanges (BSE/NSE).

Analyst Reports: financial news websites, press release archives

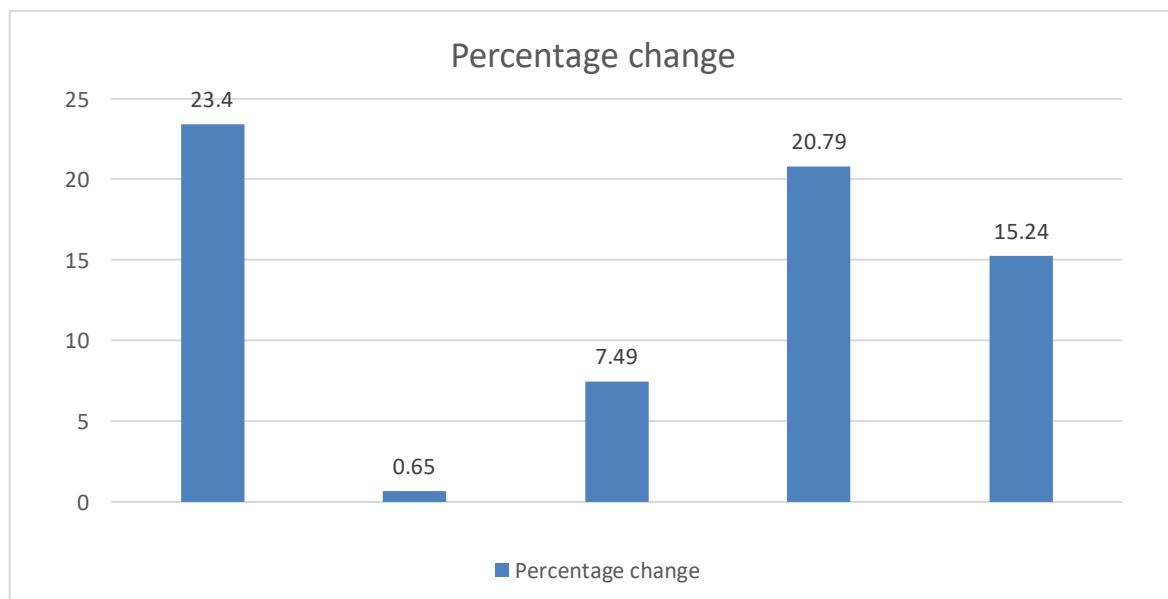
LIMITATIONS OF THESTUDY

1. More information collected is secondary data.
2. These data are compared and analyzed in order to support the effectiveness of the implementation of the investment options in the last 5 years.

DATA ANALYSIS

.STOCK RETURNS

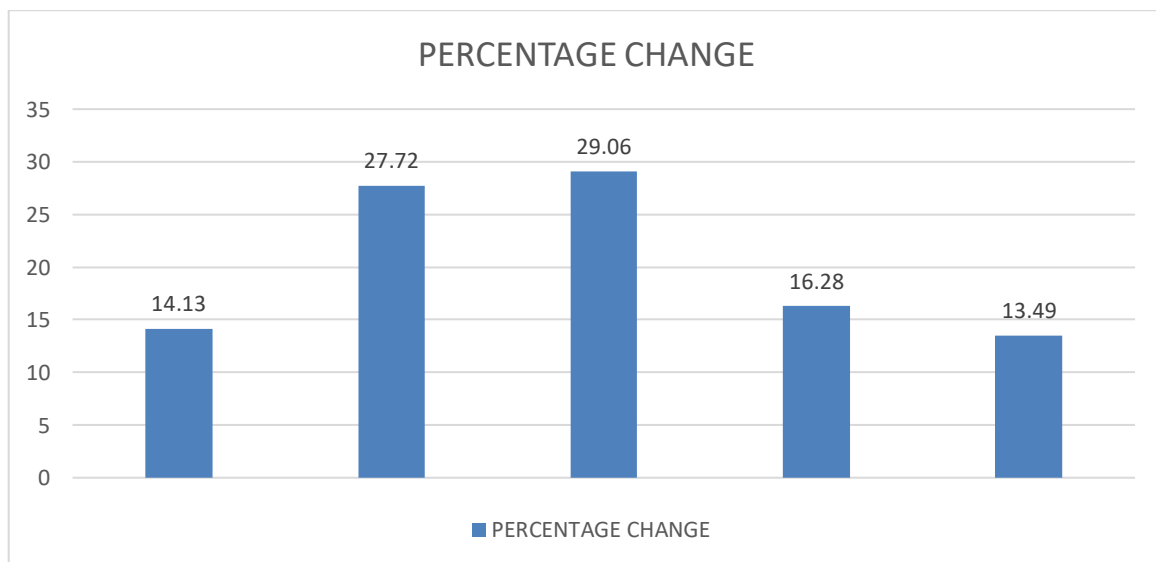
YEAR	INDEX*	ABSOLUTE CHANGE	PERCENTAGE CHANGE (%)
2019	18786	4389	23.4
2020	18908	122	0.65
2021	20323	1415	7.49
2022	25631	5308	20.79
2023	30241	4610	15.244



PERCENTAGE CHANGE IN BSE 100

YEAR	INDEX	ABSOLUTE CHANGE	PERCENTAGE CHANGE (%)
2019	3580	506	14.13
2020	4953	1373	27.72
2021	6982	2029	29.06
2022	8110	1128	16.28
2023	9182	1072	13.49

PERCENTAGE CHANGE IN BSE 100



Interpretation:

In the time of 2016, which is an underlying year, the Sensex 3580 focuses in the file considered as no change.

The market was shut 1373 focuses in the time of 2019 organizations with the last year the Sensex rate is 27.72%.

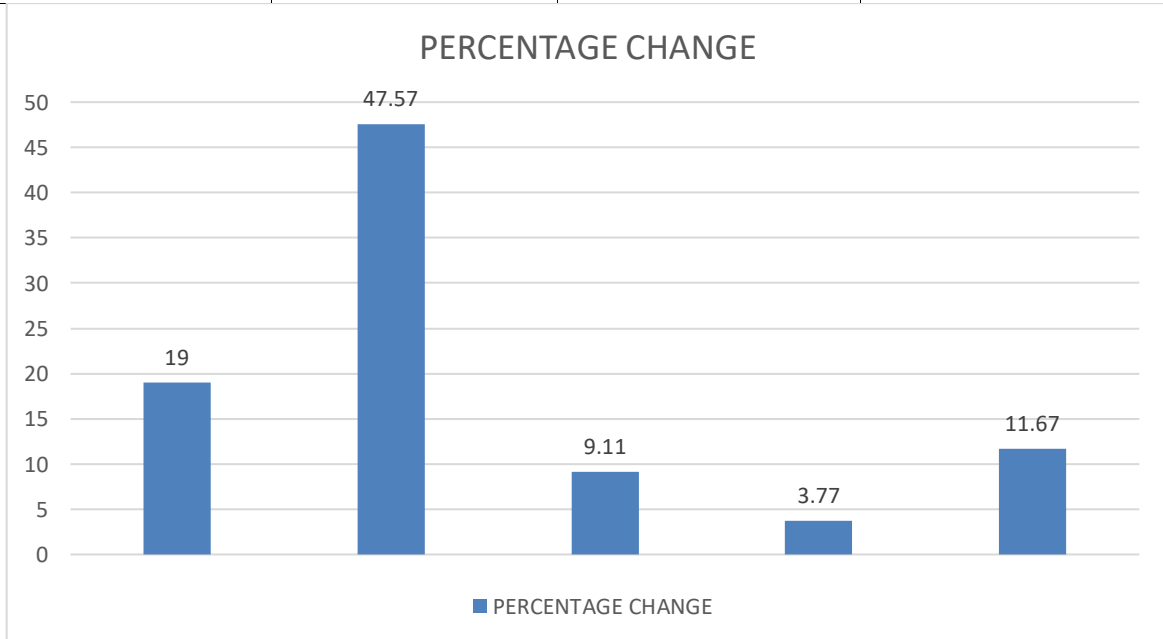
In 2020 the Sensex is moved upwards with 2029 focuses i.e., 29.06%. It is higher bring in the market with extraordinary improvement on the lookout and had benefits.

In the year 2021, Sensex got misfortune about 16.28% i.e., change in 1128 focuses contrasted with last year.

In the year 2022, the Sensex shut with 1072 focuses with change in 13.49%.

PERCENTAGE CHANGE IN BSE 200

YEAR	INDEX*	ABSOLUTE CHANGE	PERCENTAGE CHANGE (%)
2019	884	168	19
2020	1686	802	47.57
2021	1855	169	9.11
2022	1925	70	3.77
2023	2180	255	11.67



Interpretation:

In 2016 and 2019, the Sensex climbed with 168 focuses and 802 focuses i.e., 19% and 47.57%.

In 2020, the Sensex was shut in 169 focuses with a difference in 9.11% which is a fall contrasted with earlier year i.e., 2020.

In the year 2021, organizations had Sensex fallen with 70 focuses with an almost no change i.e., 3.77.

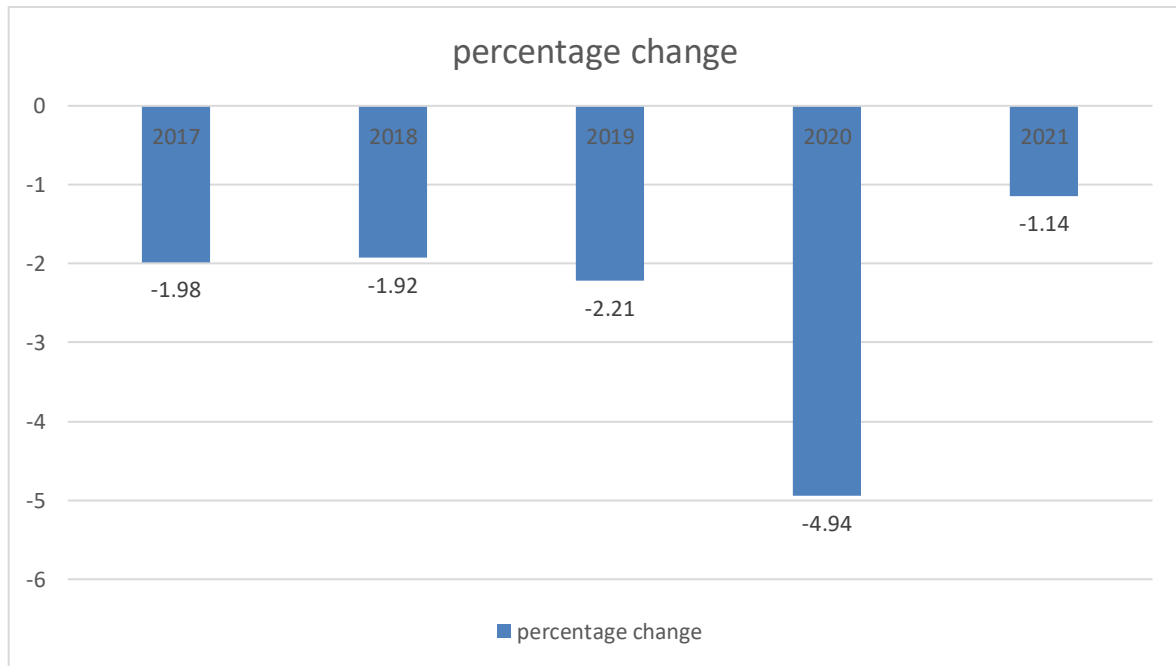
Toward the finish of the 2022 market has covered with a benefit 255 focuses (11.67%).

BOND RETURNS

The given prices of bonds in the following table are the march month prices of every year.

Year	Price	Open	High	Low	Change %
2019	6.828	7.004	7.171	6.826	-1.98

2020	7.315	7.474	7.546	7.256	-1.92
2021	6.933	7.084	7.097	6.909	-2.21
2022	5.578	5.929	6.251	5.549	-4.94
2023	5.705	5.789	5.95	5.602	-1.14



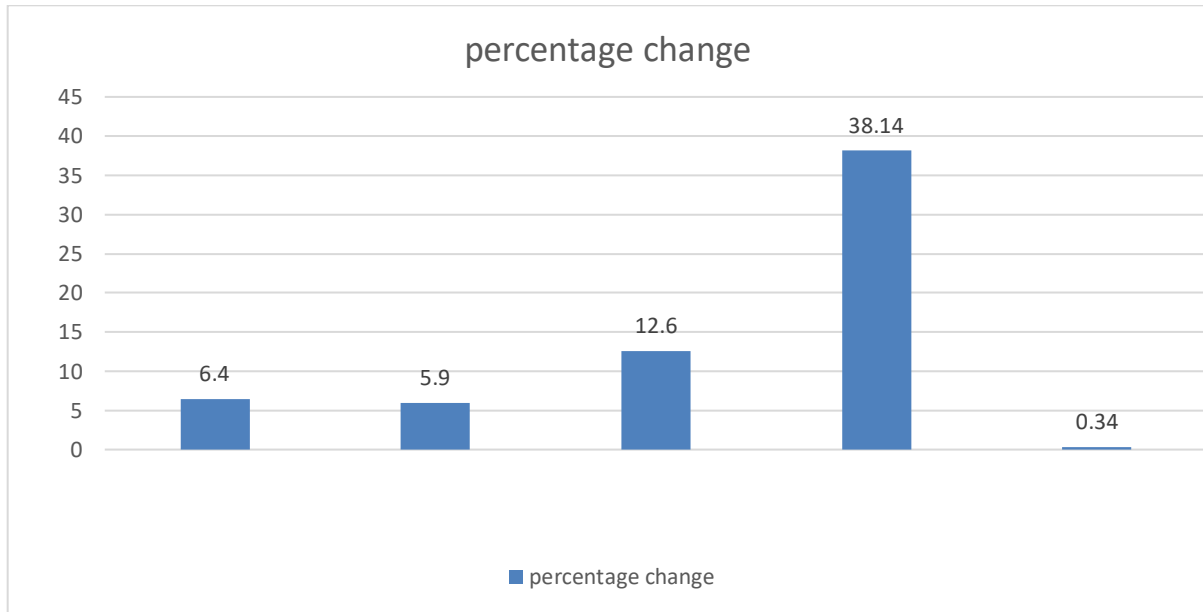
Interpretation:

In the year 2019 which is an underlying year, the cost was rs.6.828 and with a % change in - 1.98%.
 In 2020, the cost was moved vertical of rs.0.487 with decline in % change i.e., - 1.92%.
 In the year 2021, the cost has somewhere near rs.0.382 with a % change of - 2.21%.
 In 2022, the cost has down further by rs.1.355 and with an extraordinary fall in %change of - 4.94%.
 In the year 2023, the cost has gone minimal vertical i.e., rs.0.127 with a % change of - 1.14%.

GOLD RETURNS

The trend of gold prices in India over the past five years as a percentage change is given in the following table.

Year	PRICE	Percentage Annual Change
2019	Rs.29,667.50	6.4%
2020	Rs.31,438.00	5.9%
2021	Rs.35,220.00	12.6%
2022	Rs.48,651.00	38.14%
2023	Rs 50,300.00	0.34%



Interpretations:

The year 2019, the gold cost is considered as no change as it is an underlying year with % change of 6.4%.

In the year 2020, the cost of gold got expanded by rs.1771 with a change in % brought about destruction by 5.97%.

In the year 2021, the cost got raised again by rs.3782 and with an extraordinary change in % i.e., 12.6%.

In 2022, the adjustment of cost got raised besides i.e.,13431 which brought about incredible positive change in % i.e.,38.14%.

In the year 2023, the adjustment of cost has moves up which is rs.1649 with % change of 0.34% which is because of pandemic circumstances that affected the monetary states of the country.

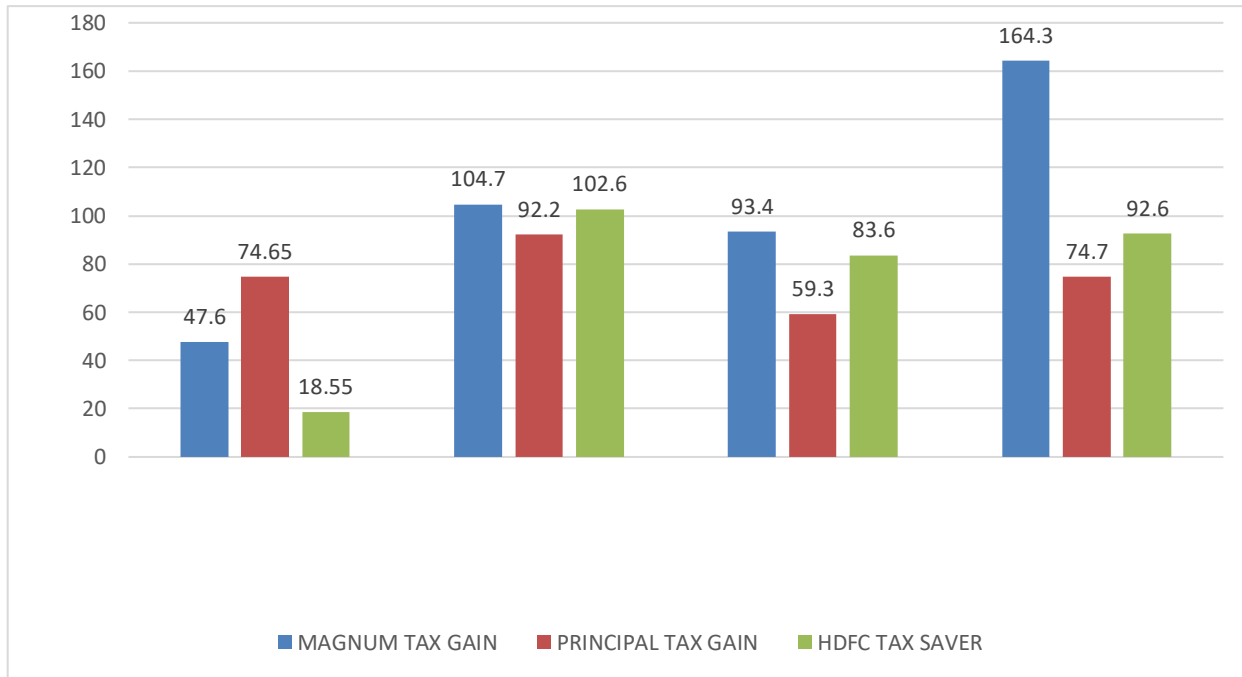
MUTUAL FUNDS

The price indicates the end of March for that year. The table below shows the return of the past 3 years for SBI magnum tax gain, principal tax gain and HDFC tax saver.

RETURNS IN MUTUAL FUNDS

EQUITY SAVING TAX	NAV (Net Asset Value)	Price in 2020	Price in 2021	Price in 2022
SBI Magnum Tax Gain	47.6	104.70	93.40	164.30
Principal Tax Saving Fund	74.65	92.20	59.30	74.70
HDFC Tax Saver Fund	18.55	102.60	83.60	92.60

RETURNS IN MUTUAL FUNDS



INTERPRETATION:

From the above chart, we see that there is expansion in SBI Magnum Tax Gain from Rs.104.70 to Rs.164.30, and expansion in the event of Principal Tax Saving Fund i.e., from Rs. 92.20 to Rs. 74.70. There is down line stream from Rs.102.60 to Rs.92.60 in HDFC Tax Saver Fund. Every one of these equity tax savings represent the returns in mutual funds.

FINDINGS

1. From the analysis of data, we have following findings.
2. It has been noticed the in 2021 SENSEX came to up to 5308 focuses in this year where there is part of progress, the Sensex shut in a benefit that is in change i.e.,20.79%.
3. Regarding the rate change in BSE 100 In the year 2022, the Sensex shut with 1072 focuses with change in 13.49%. In 2020 the SENSEX was shut in +2021 focuses with 29.06% change.
4. About the rate change in BSE 200, the market was shut 255 focuses on the finish of the 2022 market has covered with the SENSEX rate benefit is 11.67% and toward the end and 2019, the Sensex climbed with 802 focuses i.e., 47.57%.
5. It is seen that yearly rate change in bond returns has extraordinary fall in the years 2021 and 2022 i.e., - 2.21% and - 4.94% separately.
6. About the progressions in gold returns from 2021 to 2022 the gold rates change got increment according to the rate are 12.6%, – 38.64%.
7. Also, it is having been seen in the event of profits in shared assets there is expansion in magnum charge acquire from 104.70 to 164.30, increment from 92.20 to 74.70 which is an abrupt abatement and expansion in the event of chief assessment reserve funds. There is lessening of expense saver from 102.60 to 92.60 in the event of HDFC.
8. Finally, as worried to risk investigation it is seen that there is medium strength of the assessment results.

SUGGESTIONS

The following are suggestions.

1. Exchange authorities must take steps to educate investors about their rights and responsibilities.
2. Also, exchange authorities must be careful to prevent a sharp drop in prices.

3. Mutual fund product should be designed and crafted in such a manner to be introduced in such a manner to give a feel of innovative products to improve the scope of the mutual funds market.
4. The need and preferences of each segment of investor is different so the mutual fund product must be designed to cater the need of each segment of investor.
5. For increasing the trust and loyalty among various types of investors, complete and proper information must be communicated to them.
6. It is best to hold stock of several different companies, if any area economic goes down, you have something to fall back on.

CONCLUSION

1. Things have changed for the better with the INDIABULLS SECURITIES LIMITED online continuity combined with trying to simplify the entire trading system.
2. As a result of the establishment of online trading, there has been a great benefit to investors as they can sell / buy shares as needed and in that case with online trading.
3. In the present scenario to invest, investors would require sound knowledge on the risk and return on their investment.
4. Brokers have a higher rate than in the past due to the establishment of online trading.
5. The business concept has changed today, this is a service-focused industry which is why survival will require them to provide the best service to customers.

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