

A STUDY ON THE IMPACT OF ANNOUNCEMENT OF NEW BANKING LICENSE POLICY 2013 ON THE SHARE PRICES OF SELECTED NBFCs

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ABSTRACT

Stock markets in the world individually and collectively play a critical role in the economies. The performance of the stock market is influenced by a number of factors the main ones among them being the activities of governments and the general performance of the economy. The Reserve Bank of India (RBI) on 22nd February 2013 released the final guidelines for licensing of banks in the private sector. This study analyses the performance of Non-Banking Financial Corporations before and after the announcement of final guidelines of New Banking License with the help of event study methodology. The results of this study shows that announcement of New Banking License does not have a significant impact on value of NBFCs.

Keywords : New banking License, Stock Market, Efficient market hypothesis, Expected Return, Abnormal return, Event study

INTRODUCTION

Stock exchanges play an important role as indicators of the economy, reflecting the performance of the country's economic state of health. It is exposed to a high degree of volatility as prices fluctuate within minutes and are determined by the demand and supply of stocks at a given time. Indian Stock Markets are one of the oldest in Asia. Its history dates back to nearly 200 years ago. In the initial days, recording of securities in India were meager and obscure. With the liberalization of the Indian economy, it was found inevitable to lift the Indian stock market trading system at par with the International standards. On the basis of the recommendations of high-powered Pherwani Committee, Industrial Development Bank of India, Industrial Credit and Investment Corporation of India, Industrial Finance Corporation of India, all Insurance Corporations, selected commercial banks and others incorporated the National Stock Exchange in 1992. The Stock Exchange, Mumbai (BSE) in 1986 came out with a stock index that subsequently became the barometer of the Indian stock market. At present, there are totally twenty-one recognized

stock exchanges in India excluding the Over the Counter Exchange of India Limited (OTCEI) and the National Stock Exchange of India Limited (NSEIL).

Also, the Indian banking sector has emerged as one of the strongest drivers of India's economic growth. The banking industry has moved gradually from a regulated environment to a deregulated market economy. The market developments kindled by liberalization and globalization have resulted in changes in the intermediation role of banks. The Reserve Bank of India, the nation's central bank, began operations on April 01, 1935. It was established with the objective of ensuring monetary stability and operating the currency and credit system of the country to its advantage. Higher provisioning norms, tighter asset classification norms, dispensing with the concept of 'past due' for recognition of NPAs, lowering of ceiling on exposure to a single borrower and group exposure etc., are some of the measures taken in order to improve the performance of banking sector.

The Reserve Bank of India on 22nd February 2013 issued the much-awaited guidelines for new

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bank licenses, allowing corporate and public sector entities with sound credentials and a minimum track record of 10 years to enter the banking business. The guidelines have been finalized on the basis of the important amendments in December 2012 to the Banking Regulation Act, 1949, suggestions/comments received on the draft guidelines and in consultation with the Ministry of Finance, Government of India. As a part of the guidelines, RBI has provided several parameters related to minimum capital requirement, corporate structure, ownership and governance, foreign shareholding, eligible promoters, specific provisions for NBFCs, business model considerations, etc. The objective of these guidelines is to frame an explicit policy on structure of new private sector banks as well as to outline application and selection process to guide the applicants.

The guidelines are as follows:

- Only private sector entities/ groups, "owned and controlled by residents" and public sector entities can promote bank
- Applicant needs a successful track record for atleast 10 years. The RBI may seek feedback from other regulators, enforcement and investigating agencies as required.
- Bank can only be set up through a wholly-owned NOFHC, which needs to be registered as a NBFC and governed by a separate set of directions.
- NOFHC needs to hold at least 40% of the paid-up voting equity capital for five years, aggregate foreign holding cannot exceed 49% in the first five years.
- Initial minimum paid-up voting equity capital for a bank will be INR 5 billion. Any additional voting equity capital to be brought in will depend on the business plan of the promoters.
- NOFHC shall not be permitted to set up any new financial services entity for at least three years from the date of commencement of business of the NOFHC.
- NOFHC to follow prudential and exposure norms both on solo and consolidated basis.
- The business model should clearly address financial inclusion. Banks need to open atleast 25% branches in unbanked rural areas and adhere to priority sector lending norms on commencement of business.
- Top management of the bank would require a

strong pedigree of financial services practitioners.

- Promoters/promoter groups with an existing NBFC can either promote a bank or convert itself into a bank.
- Promoter groups with 40% or more assets/income from non-financial business can float banks with a board that has majority independent directors.
- Promoters, their group financial entities/ NOFHC/Bank subject to the system of adequate corporate governance (e.g. Nomination and Remuneration Committees), disclosures and consolidated supervision.

Those seeking to set up a bank would have to submit applications by July 1, 2013. The RBI will display names of applicants on its Website. Before granting licenses, RBI would seek feedback about applicants from other regulators, enforcement, investigative agencies like I-T Department, CBI, ED, as deemed appropriate. At present, there are 26 public sector banks and 22 private sector banks. Only 35 per cent of India's adult population has accounts with banks and other financial institutions as compared to a global average of 50 per cent. It is 41 per cent in case of developing economies.

Following the grant of license, the promoter group, which could be a public sector entity as well, will be required to set up a wholly-owned Non-Operative Financial Holding Company (NOFHC). The NOFHC is aimed at protecting the banking operation from extraneous factors like other business of the Group i.e., commercial, industrial and financial activities not regulated by financial sector regulators. Banks promoted by groups having 40 per cent or more income from non-financial business will require RBI's prior approval for raising paid-up voting equity capital beyond Rs 1,000 crore for every block of Rs 500 crore. The guidelines said the NOFHC will hold the bank as well as all the other financial services entities of the group regulated by RBI or other financial sector regulators.

Reserve Bank of India (RBI) guidelines for licensing of new private banks released on February 22, 2013 is a step towards opening up the banking sector to corporate entities and non-banking financial companies (NBFCs). The present study attempts to investigate the impact of the announcement of the final guidelines of New Banking License on the share prices of NBFCs.

REVIEW OF LITERATURE

Cornett and Tehranian (1992), in their study of 30 acquiring and acquired banks, incorporated both the approaches of analyzing accounting data and examining value weighted abnormal stock returns around the time of the merger announcement. They measured the consolidated sum of acquirer and target abnormal returns above that of a value weighted index of bank stocks over the event period. As a proxy for the industry, they included all banks with stock traded on the NYSE or AMEX and found that the market raised the combined value of the merger partners after a merger deal was announced. They also found that changes in several performance indicators like cash flow returns on the market value of assets were positively correlated with the abnormal returns. These findings suggest that the market was accurate in forecasting the benefits of the mergers.

Brio et al. (2003) examines the impact of capital expenditure news on share prices. The period of study was January 1991 to June 1997, and the firms selected were all companies quoted on the Madrid Stock Exchange (MSE) or on the Spanish Continuous Market (SIBE). Event study methodology had been used. The result indicates a positive relationship between market reaction and level of investment opportunities.

Delong (2003) studied sample of 54 bank mergers, announced between 1991 and 1995, testing several facets of focus and diversification. The study found that upon announcement, the market rewards the merger of partners that focus their geography and activities and earning stream. Only of these facets, focusing earning streams enhanced long-term performance.

Mohanty (2004) examined the stock price reaction to announcement of various policy issued by government of India. The result shows that the stocks generally react to public news quite quickly, but the first adjustment is not the correct one.

Berger et al. (2004) studied the dynamics of market entry for the mergers and acquisitions. Their findings suggest that mergers and acquisitions are associated with the probability of entry into the markets of merger and acquisitions. Mergers and Acquisitions of the present firms should be incorporated in the future models of entry in industrial organization as well as banking research. Authors suggested that the effects of Mergers and Acquisitions on deposit and interest rates, quantities

of loans, distribution of deposits in different regions, and location of bank branches should be focused.

Gupta and Kundu(2006)analyzed the impact of Union Budgets on stock market considering there turns and volatility in Sensex. They found that budgets have maximum impact in short term post budget period, as compared to medium term and long term average turns and volatility does not generally increase in a post budget situation as the time period increases.

Upadhyay(2006) examined that Foreign Institutional Investors(FII) participation in the Indian Stock-Market triggers its upward movements, but at the same time, increased liquidity through FII investment inflow increases through volatility too.

Prajapati (2010) analysis was based on around 45 banks; data for study were taken from public sector banks, private sector banks and foreign banks in India. His study resulted mergers performed a very well task in access to new markets for business and operations. He founds many banks attained a number of benefits like reduction in cost of funds, diversification of loan portfolio and expansion of range of services available to the public.

Sharma (2010)examined M&A in the United States banking industry involving the formation of mega banks by using event study methodology and accounting performance techniques to determine the valuation affects of structural changes. Acquisitions that concentrated on increasing the diversity of the business earned the highest abnormal returns. However, other types of mergers neither created nor destroyed shareholder value.

Singh and Kansal (2010) examined the impact of Union Budget from 1996 to 2009 on the stock market as represented by S&P CNX Nifty in terms of returns and volatility. The results shows that budget have the maximum impact in the short period, with some impact extending into the medium term and no significant impact at all on long-term average returns.

Sinha, Kaushik and Chaudhary (2010) pointed in their study Indian M&A cases show a positive correlation between financial performance and the M&A deal. On the basis of studied sample financial sector in India showed more than half of the merging firms? improved financial performance after the merger.

Goyal et al. (2011)in their paper probed the motives of banks for mergers and acquisition with

special reference to Indian Banking Industry. For this purpose, sample of 17 mergers (post liberalization) of Banks were taken. The study was conducted on the basis of number of branches, geographical penetration in the market and benefits from the merger. Their article leaves footprints on the way of further studies on mergers and acquisitions from a different outlook.

Panwar (2011) studied ongoing merger trends in Indian banking from the viewpoint of two important stakeholders of a banking firm- stockholders and managers. The findings showed that the trend of consolidation in Indian banking industry has so far been limited mainly to restructuring of weak banks and harmonization of banks and financial institutions. Voluntary mergers demonstrating market dynamics were very few. Author concluded that Indian financial system requires very large banks to absorb various risks emanating from operating in domestic and global environments.

Goyal and Joshi (2012) studied about mergers in banking sector initiated from the merger case of the Bank of Rajasthan Ltd. and ICICI Bank Ltd. The main objective of their study was to test the motives of banks for mergers and acquisition with special reference to Indian banking Industry. For this purpose sample of 17 mergers (post liberalization) of Banks has been taken. The results of their study finds small and local banks face difficulty in bearing the impact of global economy therefore, they need support and it covered as one of the main reason for merger.

Dilshad (2013) examined the efficiency of market with respect to announcements of mergers and acquisitions using an event study methodology. 18 deals considered that involve Merger and Acquisition in banks from year 2001 to 2010 to investigate the returns of shareholder of the targets and acquirers. The results of cumulative abnormal returns showed that target banks earned abnormal returns on the merger announcement day.

OBJECTIVES OF THE STUDY

1. To investigate whether the value of NBFCs is significantly affected by the announcement of the final guidelines of New Banking License 2013.
2. To find out the impact of announcement of final guidelines of New Banking License on the share prices of NBFC. (In form of Pre and Post price fluctuations).

In order to achieve the above stated objectives, the following hypotheses have been formulated:

H_0 : Announcement of New Banking License does not have a significant impact on value of NBFCs.

H_1 : Announcement of New Banking License does have a significant impact on value of NBFCs.

The implication of null hypothesis is that the event has no significant effect on the distribution of the stock returns. If the null hypothesis is not accepted, it can be concluded that the announcement produced new information and on the basis of market perceptions, the event created or destroyed the value to the firm.

DATA AND SOURCES OF STUDY

In order to take macroeconomic changes into account, historical daily returns of the stocks listed in S&P BSE Sensex were incorporated. Based on the assumption that Indian stock markets are semi-strong efficient and they incorporate all the information that is publicly known, any changes with respect to macro economy will be included in the closing values of S&P BSE SENSEX. Daily returns on the securities of the NBFCs were sourced for the analysis from yahoo finance.

Data Sample

The study decided to use the following potential nine NBFCs namely,

1. Aditya Birla Nuvo
2. Bajaj Finserv
3. IDFC
4. IFCI
5. L&T Finance Holdings
6. LIC Housing Finance
7. Reliance Capital
8. Shriram Transport Finance
9. SREI Infrastructure Finance

Financial inclusion, professional management, priority sector lending, track record and ease of complying with the RBI-proposed holding company structure are the parameters considered in selecting the above companies.

METHODOLOGY

Testing Market Efficiency Using Event Study Methodology

Event Study:

To analyze the impact of New Banking License Policy on shareholders' wealth, event study methodology has been used. The event study methodology is based on the assumption that the return of a security is linearly correlated to the return of the market portfolio. This model will analyze the stock return of the NBFC in relation to a portfolio of stocks. The differences in returns of the NBFC relative to the market return will be calculated over a period of time before and after the event of the banking license policy announcement. An event study can be roughly categorized into the following five steps:

1. Identifying of the events of interest and defining the event window size.
2. Selection of the sample set of firms to include in the analysis.
3. Prediction of a "normal" return during the event window in the absence of the event.
4. Calculation of the abnormal return within the event window, where the abnormal return is defined as the difference between the actual and predicted returns.
5. Testing whether the abnormal return is statistically different from zero.

Event date, Event window and Estimation period:

The event of this study is the banking license policy announcement (t=0), i.e., 22nd February 2013. Hence 22nd February 2013 is taken as t=0 in this study. The significance of an event can be identified by examining its impact on the firm's stock price. To accomplish this, a period of days is defined over which the impact of the event will be measured. This period is known as the event window. The event window covers 61 days (-30 to +30 days). The estimation window is the control period preceding the event period. In this study, the estimation window for the event ends 30 days before the event and extends back to two years starting from 2011 till 2013 prior to it. Estimation period generally ends before the event of interest so that the returns during the event window will not influence the model parameters.

The daily returns for all NBFC have been computed for the 'event window period' and also for the estimation window period by using equation (1) as:

$$R_{it} = L_n (P_{it}) - L_n (P_{it-1}) \dots\dots\dots (1)$$

Where, P_{it} and P_{it-1} are the respective daily

prices for the time t and t-1.

Analogously, the actual returns for the market portfolio are also computed using equation (2) as:

$$R_{mt} = L_n (I_t) - L_n (I_{t-1}) \dots\dots\dots (2)$$

Where, I_t and I_{t-1} are the respective daily index values at time t and t-1.

As mentioned earlier, the study has used window period of 61 days; 30 days before the event day plus 30 days after the event. Therefore, for all these days the actual returns for all NBFC's for each day have been computed separately by using equation (1) above.

Different researchers have used different models for computing expected returns. There are several equilibrium models, such as the Capital Asset Pricing Model (CAPM), The Arbitrage Pricing Model (APT), etc. that could be used to estimate expected returns. In this study, the expected returns on a stock have been estimated by using single index model given by Sharpe (1964).

$$Ret = \alpha_i + \beta_i R_{mt} + e_i \dots\dots\dots (3)$$

Abnormal returns for the NBFCs have been computed in the next step by using following equation.

$$AR_{it} = R_{it} - \alpha_i - \beta_i R_{mt} \dots\dots\dots (4)$$

For computation of Cumulative Abnormal Return (CAR), the individual day's Abnormal Return (AR_t) is added together from the beginning of the period for specified period. The Cumulative Abnormal Returns (CAR_d) for event days t1 through t2 will be calculated by summing the average abnormal returns for these days:

$$(CAR_d) = \sum AR_{it} \dots\dots\dots (5)$$

The average cumulative abnormal return (CAAR), the overall abnormal return of N securities within the event window is calculated by the following:

$$CAAR (T1,T2) = 1/N \sum AR_{it}$$

T-Test

The abnormal returns are computed for all the NBFC's and the significance of abnormal returns is tested by calculating the Standard Error (SE) and t- values as follows:

$$SE = (\text{Summation of } AR^2) / (n-2)$$

$$t_{stat} = AR_{it} / SE$$

Where, AR_{it} is the Abnormal Returns on time t and n = 31 (days in event window)

The t-statistic values at 95% confidence level

along with the 60 degrees of freedom (df) which have been used to state whether the abnormal returns calculated with the help of above event study approach are significant or not is 2.000.

DATA ANALYSIS

The table 1 depicts descriptive statistics of the sample considered for the study. The average return of all the companies considered in the sample ranged from -0.9% to -0.0025. SREI infra provided the lowest return with -0.9% followed by Bajaj Finserv with -0.3%. Standard Deviation depicts how much dispersion is there in the data set around the mean value. Standard deviation of all the companies ranged from 1.58% to 4.05%. The highest deviation is there with SREI infra of 4.05%. The result shows that the equities of SREI Infrastructure Finance were the riskiest. Maximum return shows the highest return earned by company in the event window considered. Aditya Birla Nuvo earned minimum return of -4.08% on the fourth day post announcement while maximum return of 2.82% on the fifth day post announcement. Bajaj Finserv earned maximum return of 6.43% on two days and minimum return of -3.80% on seven days pre announcement. IFCI earned maximum return sixteen days prior announcement, while minimum return was earned on the fourth day post announcement. Reliance capital earned maximum return of 4.21% on seven days and minimum return of -8.64% four days after announcement. Shriram Transport Finance earned minimum return of -8.03% one day prior announcement.

Table 2 depicts stock prices of all the NBFCs considered for sample immediately before and after the announcement was made. Reliance capital stock prices goes down by 23.46% showing that announcement of new banking policy had negative impact on the share prices while Bajaj Finserv faced lowest negative percentage change of 5.35%.

FINDINGS

Table 3 shows the AAR (Average Abnormal Returns) and the T-Statistic Values at 95% confidence interval for all the 5 NBFC's Stocks during the event window of 61 days that starts 31 days before the announcement date and ends 31 days after the date of announcement. It can be seen explicitly from the

above table that there is no significant abnormal return on almost all the days (from day -30 to +30) surrounding the policy. The value of %AAR during pre-policy announcement ranged from -0.024 to +0.011, the highest %AAR during pre-announcement period was on day -16 followed by the days -5, -3 and -20 with value of 0.0113, 0.0109 and 0.0103 respectively. The lowest average abnormal returns during pre-announcement period were on day -14 with value -0.024. During the post announcement period value of %AAR ranged from -0.0354 to +0.0274. The highest %AAR is observed on day +20, followed by day 8, 10 and 23 with value 0.018, 0.0168 and 0.015 respectively. It is clearly understood from the above table that the value of %AAR during pre and post announcement period ranged between -1 to +1.

In this study, the stock returns were negative one day before the announcement. Positive but not significant market reaction has been observed on the -2, -3, -4, -5 days before the announcement date. On the announcement date positive but insignificant abnormal return (0.451636) is found. After +2 days of the announcement date, market reacted positively for one day and then gave negative returns on second day. It is clearly understood from the above table that the value of %AAR during pre and post announcement period is around 1. Thus, it can be inferred from the t-test analysis that policy announcement did not generate any significant impact on the security prices of the sample companies at significance levels of 5%.

Figure 2 graphically represents the pattern of % AAR around new banking license policy 2013. It is explicitly visible from the above figure that there has been no significant reaction in the security prices of sample companies. The results showing that the market is not using policy information for valuation of sample companies.

Cumulative Average Abnormal Returns (CAARs) of share prices are shown in Table 3. On the day of announcement (Day 0), the value of CAAR was at -0.00363. Among all other days in the event window shows that the value of CAAR is almost near to zero signifying that market is in semi-efficient form and there have been no significant abnormal returns in the year under the market.

Thus, null hypothesis is accepted.

Figure 3 shows the curve of CAAR of share price for license policy announcement. The curve of CAAR for banking license policy announcement shows values near to zero during the event window of 61 days.

CONCLUSION

Banking sector is one of the fastest growing areas in the developing economies like India. New Economic Policy 2013 embarked the new era for various players willing and able to enter into banking structure. The present study attempts to find out the impact of announcement of final guidelines of New Banking License 2013 on the share prices of NBFC. This study has empirically examined the informational efficiency of the Indian stock market with regards to banking license policy announcement. The results of the study showed very negligible reaction on or before the announcement date. The results are supporting to the implications of efficient stock market in its semi-strong form. By and large, market is near to efficiency in its semi-strong form. Abnormal returns around the announcement date are not significant.

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TABLES AND FIGURES
Table 1: Descriptive Statistics of Data Sample

Company	Average Return	Standard Deviation	Minimum return	Maximum return
Aditya Birla Nuvo	-0.31%	1.58%	-4.08%	2.82%
Bajaj Finserv	-0.30%	1.64%	-3.80%	6.43%
IDFC	-0.38%	2.30%	-5.87%	4.72%
IFCI	-0.58%	3.31%	-9.48%	6.87%
L & T	-0.36%	2.40%	-5.12%	4.86%
LIC Housing Finance	-0.43%	2.14%	-6.05%	3.30%
Reliance Capital	-0.76%	2.70%	-8.64%	4.21%
ShriramTransport Finance	-0.002%	1.95%	-8.03%	3.10%
SREI infra	-0.90%	4.05%	-16.75%	6.33%

Figure 1: Descriptive Statistics

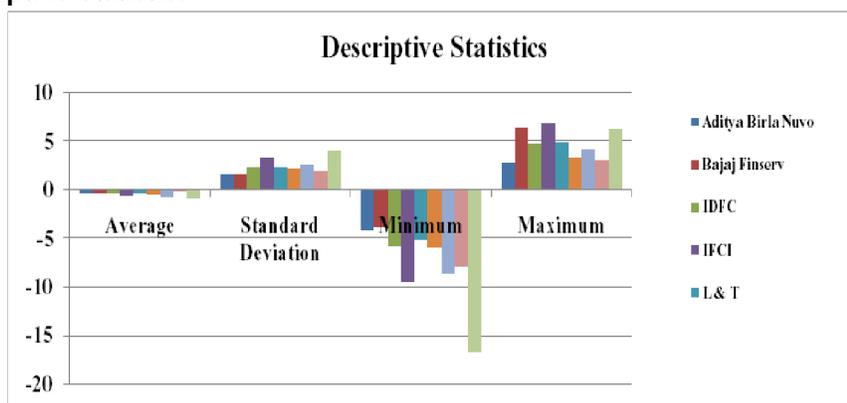


Figure 1: Graph showing descriptive statistics of data sample

Table 2: Percentage change in stock prices - pre and post announcement

Company	Price Pre-Announcement	Price Post-Announcement	Percentage change in stock prices
Aditya Birla Nuvo	1111.536667	1015.143333	-8.672078594
Bajaj Finserv	832.655	788.065	-5.3551591
IDFC	165.671	148.1163333	-10.59610111
IFCI	34.66833333	28.19333333	-18.67698668

L & T	82.66166667	77.61666667	-6.103191725
LIC Housing Finance	272.79	232.29	-14.84658529
Reliance Capital	456.1833333	349.1266667	-23.46790399
Shriram Transport Finance	761.285	698.5133333	-8.24548844
SREI infra	37.95666667	31.1	-18.06445947

Table 3:AAR and t-Test during the event window

SUMMARY OF AAR, CAAR AND T-TEST

Event Window	AAR	CAAR	T-Test
-30	-0.02203	-0.02203	-0.9219
-29	0.00445	-0.01758	0.176947
-28	-0.0014	0.003048	-0.14783
-27	-0.01705	-0.01845	-1.03891
-26	0.003105	-0.01395	0.215902
-25	0.002739	0.005843	1.126877
-24	0.006657	0.009395	2.025354
-23	-0.00295	0.003709	-0.18804
-22	-0.01674	-0.01969	-0.59638
-21	-0.02131	-0.03805	-0.71625
-20	0.010364	-0.01094	0.585097
-19	0.000786	0.01115	0.086205
-18	-0.00338	-0.0026	-0.35411
-17	-0.00807	-0.01146	-0.33459
-16	0.01191	0.003836	0.300852
-15	-0.00532	0.006587	-0.54261
-14	-0.02425	-0.02958	-1.41061
-13	-0.005	-0.02926	-1.44526
-12	0.004922	-8.3E-05	1.774811
-11	0.001326	0.006248	0.22233
-10	-0.0016	-0.00028	-0.81221
-9	-0.01138	-0.01298	-1.19011
-8	-0.01274	-0.02412	-0.66199
-7	-0.00623	-0.01897	-0.61667

-6	-0.016	-0.02223	-0.59123
-5	0.011379	-0.00462	0.956434
-4	0.008351	0.019731	0.751844
-3	0.01096	0.019312	0.36091
-2	0.000896	0.011856	0.034875
-1	-0.0093	-0.0084	-1.57288
0	0.005669	-0.00363	0.451636
1	0.005126	0.010794	0.456794
2	-0.01773	-0.0126	-0.59204
3	0.013444	-0.00428	0.521908
4	-0.03549	-0.02204	-0.68894
5	-0.00875	-0.04424	-0.82903
6	-0.01228	-0.02103	-0.32388
7	0.008965	-0.00332	0.396472
8	0.018949	0.027914	0.731504
9	-0.0072	0.011754	-0.41653
10	0.016847	0.009652	0.725853
11	-0.00782	0.009027	-0.87761
12	-0.00532	-0.01314	-0.52348
13	-0.00793	-0.01325	-0.83719
14	0.005937	-0.002	0.339969
15	0.007473	0.01341	0.31896
16	-0.01929	-0.01182	-0.90843
17	-0.01599	-0.03528	-0.82216
18	-0.02216	-0.03815	-0.68492
19	-0.01992	-0.04208	-0.66216
20	0.027493	0.007572	0.692281
21	-0.01197	0.015524	-1.05396
22	-0.00786	-0.01983	-0.31641
23	0.015063	0.007202	0.62865
24	0.002432	0.017494	0.171422
25	0.01373	0.016162	0.537994
26	-0.01014	0.00359	-1.86121

27	0.00407	-0.00607	0.238301
28	-0.0099	-0.00583	-0.7289
29	-0.00696	-0.01686	-0.48449
30	0.007864	0.000902	0.788358

PATTERN OF %AAR AROUND ANNOUNCEMENT OF FINAL GUIDELINES OF NEW BANKING LICENSE

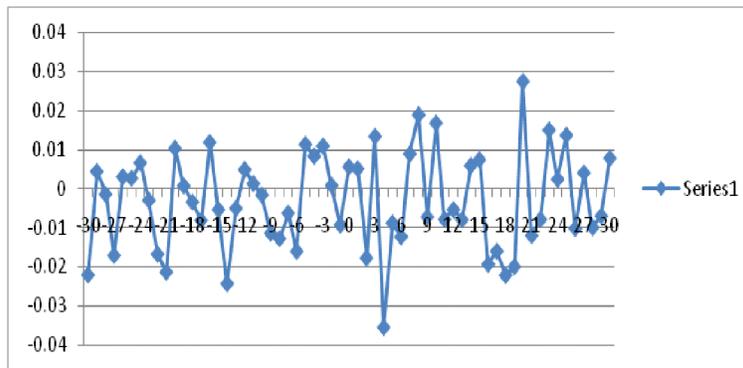


Figure 2: %AAR during event window

PATTERN OF % CAAR AROUND ANNOUNCEMENT OF FINAL GUIDELINES OF NEW BANKING LICENSE

