

A Study on the Role of Change in Key Managerial Personnel on Share Prices

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I. Introduction

Investors are considered to behave rationally and invest their money after analyzing the company's fundamentals. Markets have an infamous notoriety of acting rather unusually, thus making it difficult for the investors to invest and exit the stock market. A variety of financial models have been developed in view to predict the future price of a stock in the market. Such models consider a variety of factors: internal and external, to determine the price of a stock in the future. Such models in numerous examples have given bogus cautioning of looming bearish or bullish markets. Timing the market, has dependably been considered very troublesome if certainly feasible, yet the full scale perspective of the economy with the assistance of driving pointers may very well give a viewpoint to the financial specialist over the more drawn out term.

1.1 FACTOR AFFECTING STOCK PRICES Supply and Demand

At the most basic dimension, the cost of an offer changes on account of the variances in free market activity balance. In the event that interest for a stock is more than its supply, the offer cost increments. Additionally, if the venders of a specific stock are more than its purchasers, the offer value diminishes.

Investment Sentiments

The assumption of the financial specialists additionally impacts the cost of offers. This implies on the off chance that they are prepared to go for broke and are sure about putting resources into the market, this will shore up the stock costs. Along these lines, stocks costs are influenced by the general course of the market.

Bullish market

It implies that stock costs ascend with the development in the economy and other market factors as the financial specialist is progressively positive about going out on a limb and putting more cash in the market.

Bearish market

Because of the generally safe craving and low certainty among financial specialists, the market stagnates, in the long run bringing about the fall of offer costs.

Company performance and other internal factors

The stock cost of an organization relies upon how the organization is maintaining its business. On the off chance that the organization is reliably reserving benefits, developing in its market capitalization, and paying standard profits to its investors, its offer cost will rise. Despite what might be expected, if the organization isn't doing extraordinary in the market and can't pay customary profits to its investors, it has high odds of enlisting a fall in its share price.

External factors

Some other financial elements, which are outside the ability to control of an organization yet can likewise impact its stock costs, include:

Interest rates

The RBI directs financing costs to balance out the economy. Higher loan costs would lessen the benefits of the organization, bringing about a fall in offer costs. Lower loan costs would imply that the organization can obtain cash without paying much, expanding its net benefits and stock costs.

Speculation

If hypothesis in a specific organization's stock is high, at that point its stock cost would indicate higher changes and the other way around.

Economy and GDP value

If the economy is on the way of extending and the GDP is relentlessly developing, the stock costs may rise and the other way around.

Socio-political factors

Socio-political variables: Government strategies and occasions (like demonetization, GST, and races) can likewise impact the stock costs relying upon the impact of the strategy available.

It is not unknown that a number of economic and market indicators have helped the investors in planning and managing their portfolio. But, recently a lot of focus is also put on the sentiment of the investor and their trust in the company, which is factually one of the most driving factors of stock market.

The study tries to focus of one such aspect of the investor sentiment in respect to the trust in the company performance due to the efficiency of the Key Management.

1.2 KEY MANAGERIAL PERSONNEL (KMP)

Key management personnel are those people having authority and responsibility for planning, directing, and controlling the activities of an entity, either directly or indirectly. (Key Managerial Personnel, 2018) Key Management or Key Managerial Personnel is generally referred to the group of Chief Executive Officer (CEO), Chief Financial Officer(CFO), Executive Directors, Chairman, Directors etc.

Association and technique researchers have indicated incredible enthusiasm for how a company's administration can influence firm results. More elite class hypothesis proposes that chiefs' experiences influence their subjective bases and values, and thusly influence their vital decisions. In this view, characteristics of an association's administrators can affect firm results by impacting the idea of vital basic leadership. Steady with more elite class hypothesis, earlier research has given solid proof that characteristics of an association's officials can altogether influence the company's vital decision and its execution. As of late, researchers have begun to look at the representative estimation of official choices. With regards to vast firms, examine has demonstrated those administrators' activities for instance, embracing new structures and arrangements, (for example, long haul motivation designs and stock repurchase designs) are positively gotten by financial specialists regardless of whether these plans are not really actualized.

Nonetheless, this exploration has not tended to whether the emblematic estimation of these activities is dependent upon the attributes of the administrators who start these activities. In a parallel research stream, researchers have utilized market flagging hypothesis to inspect the flagging' job of official attributes in passing on firm quality to the monetary markets in the first sale of stock (IPO) setting. It has been contended that, free of the impact of the administrators' experience on their key basic leadership, these noticeable back ground attributes work as signs and are utilized by basic outer constituents to gather the nature of the firm. Following this methodology, contemplates have discovered that the renown of the association's top managerial staff and the attributes of the best supervisory group give signs of firm quality, which thusly impacts the share trading system's valuation of the IPO. This examination, in any case, reveals little insight into the way in which official back ground impacts how financial specialists react to explicit authoritative activities. It is beyond the realm of imagination to expect to find out the degree to which the valuation of the IPO is affected by the flagging job of administrative attributes or administrative activity. In this examination, we reach out earlier research by looking at the flagging job of the qualities of the (CEO) in influencing financial specialist response to his/her activities in a characteristic exploratory setting. The necessity, issued by the United States Securities and Exchange Commission (SEC), that the association's fiscal reports must be ensured by the CEO gives a great chance to direct such a characteristic investigation. In light of the flood of corporate outrages (Adelphia, Enron, WorldCom, and so forth.) that started to undermine speculator trust in the monetary markets, on 27 June, 2002 the SEC required CEOs and (CFOs) of all traded on an open market organizations with incomes more noteworthy than \$1.2 billion to guarantee their budget summaries by 14 August 2002.³ What makes the SEC-required CEO affirmation a characteristic examination is that it was embraced abruptly to address worries about the nature of an organization's budgetary divulgences and all freely recorded firms with deals more noteworthy

than \$1.2 billion needed to be handled by a predefined date. While an exploratory plan is normally utilized in brain research and financial matters, there are few examinations in procedure that have depended on common investigations. We use the SEC decision to characterize a characteristic examination that enables us to research the flagging job of the qualities of the CEO to financial specialists. In this setting, the qualities of the CEO have no impact on the CEO's activity of affirming the association's fiscal summary, yet they may influence a speculator's view of the validity of the CEO's confirmation which thus may influence how financial specialists react to CEO accreditation. We expand on earlier investigations that have utilized flagging hypothesis to look at how executive and best supervisory crew attributes impact financial specialist valuation of the firm. We examine how traits of the association's CEO are probably going to affect how the money related market reacts to CEO confirmation. Since it is preposterous to expect to survey the inalienable nature of the association's fiscal reports, we expertly represent that the properties of the CEO impart imperative data to speculators, and along these lines fill in as vital signs in regards to the level of validity of the CEO confirmation and the uprightness and certainty that financial specialists can have in the company's budget summaries, which thusly impacts the stock exchange response to CEO affirmation. Consequently, our examination adds to more elite class look into by inspecting the flagging job of the qualities of the CEO in influencing how financial specialists react to his/her activities.

1.3 MARKET SECTORS

The term market sector is majorly used in financial aspects and economics to depict a piece of the economy. It is generally a more extensive term than industry, which is a lot of organizations that are purchasing and moving such comparative products and enterprises that they are in direct competition with one another. Experts segregate the securities exchange itself into market sectors with the goal that offers of organizations that are in direct competition are recorded close by one another.

1.3.1 INFORMATION TECHNOLOGY

Indian Information Technology industry contains two important portions: IT organizations and business process redistributing (BPO). The part has extended its pledge to India's GDP from 1.2% in 1998 to 7.7% in 2017. According to NASSCOM, the area gathered wages of US\$160 billion out of 2017, with admission salary staying at US\$99 billion and nearby pay at US\$48 billion, creating by over 13%. The United States speaks to 66% of India's IT organizations conveys. India's IT Services industry was imagined in Mumbai in 1967 with the establishment of the Tata Group in association with Burroughs. The Indian economy experienced major budgetary changes in 1991, provoking another time of globalization and general money related joining, and yearly monetary improvement of over 6% from 1993– 2002. The new organization under Sri Atal Bihari Vajpayee put the progression of Information Technology among its best five needs and encircled the Indian National Task Force on Information Technology and Software Development. In the contemporary world economy India is its greatest exporter. Passages order the Indian IT industry and set up about 79% of the business' hard and fast salary. In any case, the private market is moreover gigantic, with ground-breaking salary development. The a great deal of complete Indian charges (stock notwithstanding organizations) extended from under 4% in FY1998 to about 25% in FY2012. The precisely arranged organizations division in India speaks to 40% of the country's GDP and 30% of passage benefit beginning at 2006, while using only 25% of its workforce, as shown by Sharma (2006). As indicated by Gartner, the "Best Five Indian IT Services Providers" are Tata Consultancy Services, Infosys, Cognizant, Wipro, and HCL Technologies.

1.3.2 BANKING SECTOR

The Indian financial division is completely assembled into planned and non-booked banks. The booked banks are those included under the second Schedule of the Reserve Bank of India Act, 1934. The planned banks are furthermore described into: nationalized banks; State Bank of India and its accomplices; Regional Rural Banks (RRBs); outside banks; and other Indian private division banks. The term business banks imply both booked and non-planned business banks controlled under the Banking Regulation Act, 1949. All things considered the supply, thing extent and reach of keeping cash in India is really create in spite of the way that reach in common India and to the poor still remains a test. The lawmaking body has made exercises to address this through the State Bank of India expanding its branch organize and through the National Bank for Agriculture and Rural Development (NABARD) with workplaces like microfinance. By 2013 the Indian Banking Industry used 1,175,149 delegates and had a whole of 109,811 branches in India and 171 branches abroad and manages a complete store of ₹67,504.54 billion (US\$940 billion or €820 billion) and bank credit of ₹52,604.59 billion (US\$730 billion or €640 billion). The net advantage of the banks working in India was ₹1,027.51 billion (US\$14 billion or €13 billion) against a turnover of ₹9,148.59 billion (US\$130 billion or €110 billion) for the budgetary year 2012– 13.

1.3.3 PHARMA INDUSTRY

The pharmaceutical business finds, makes, conveys, and advertises prescriptions or pharmaceutical meds for use as medications to be managed to patients to fix them, immunize them, or facilitate a symptom. Pharmaceutical associations may deal in nonexclusive or brand solutions and therapeutic devices. They are subject to a combination of laws and rules that direct the ensuring, testing, security, sufficiency and displaying of meds. The pharmaceutical business in India positions third on the planet as far as volume and fourteenth with respect to esteem. According to the Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers, the full scale turnover of India's pharmaceuticals industry among 2008 and September 2009 was US\$21.04 billion. Hyderabad, Mumbai, Bangalore and Ahmedabad are the huge pharmaceutical focuses of India. The private market was worth US\$13.8 billion of each 2013. India's biopharmaceutical industry planned a 17 percent advancement with livelihoods of Rs.137billion (\$3 billion) in the 2009-10 budgetary year over the past money related. Bio- pharma was the best provider delivering 60 percent of the business' improvement at Rs.8,829 crore, trailed by bio-organizations at Rs.2,639 crore and bio-agri at Rs.1,936 crore.

1.4 MARKET INDICES

A market index is a theoretical arrangement of investment holdings which speaks to a fragment of the monetary market. The estimation of the index esteem originates from the costs of the underlying property. Some indices have values dependent on market-cap weighting, income weighting, float weighting, and fundamental weighting. Weighting isa technique for modifying the individual effect of things in an index. Investors pursue distinctive market indexes to measure market developments. Market files measure the estimation of an arrangement of possessions with explicit market qualities. Each index has its own strategy which is determined and kept up by the index supplier.

1.4.1 Nifty IT

Information Technology (IT) industry has assumed a noteworthy job in the Indian economy. So as to have a decent benchmark of the Indian IT division, NIFTY IT sector index has been developed.NIFTY IT furnishes speculators and market middle people with a fitting benchmark that catches the execution of the IT fragment of the market in India.

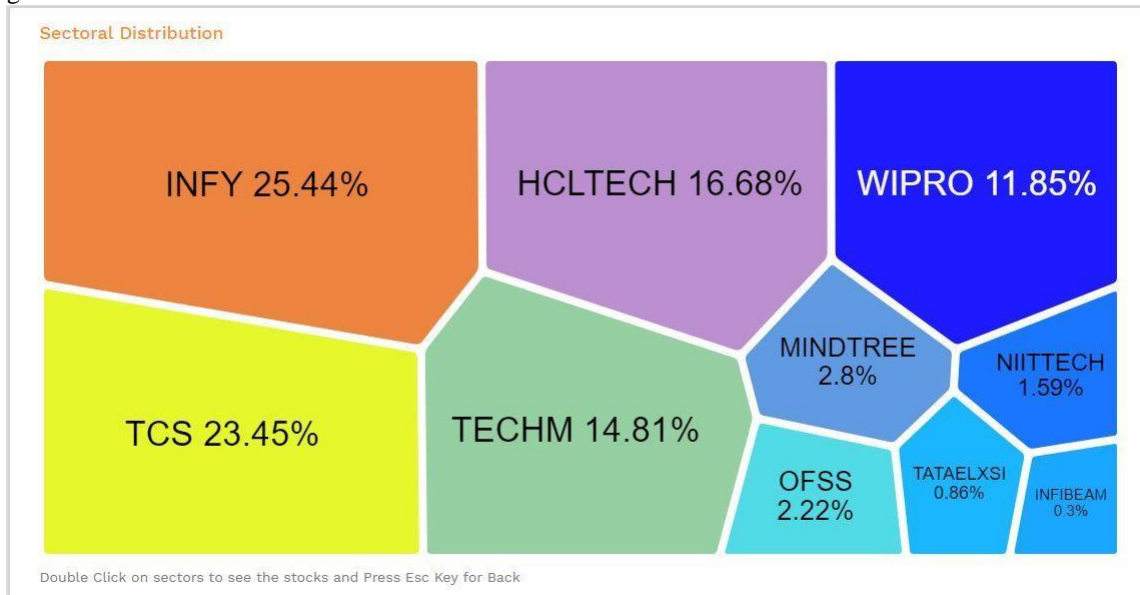


Figure 1.1: Sectorial Distribution of Nifty IT

1.4.2 Nifty Bank

NIFTY Bank Index includes the most fluid and expansive promoted Indian Banking stocks. It furnishes financial specialists and market mediators with a benchmark that catches the capital market execution of Indian Banks.

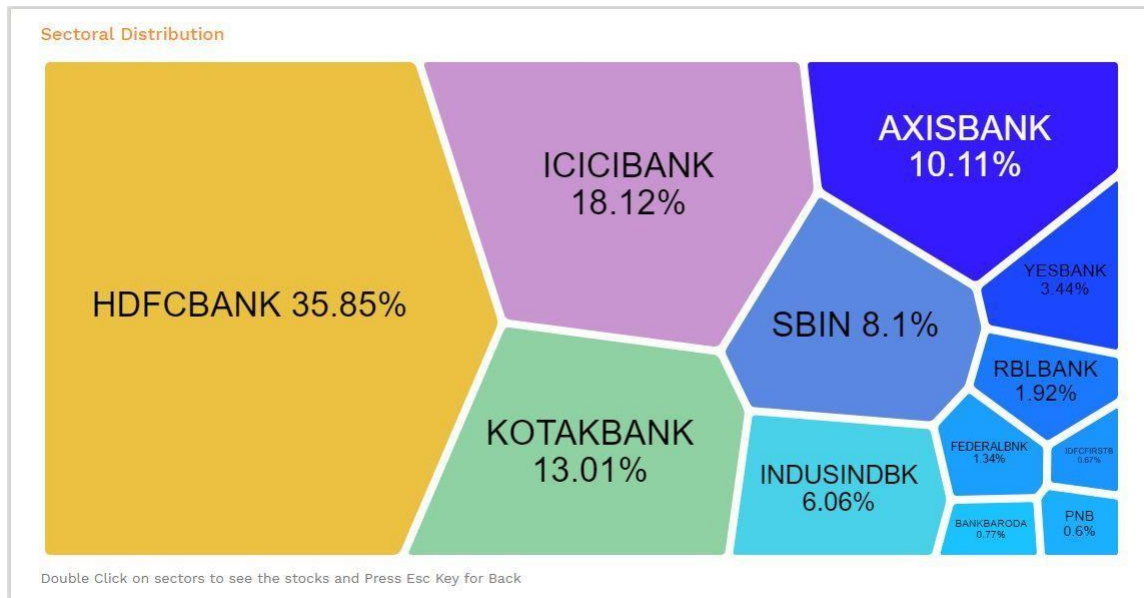


Figure 1.2: Sectorial Distribution of Nifty Bank

1.4.3 Nifty Pharma

The NIFTY Pharma Index is intended to mirror the conduct and execution of the pharmaceutical division in India.

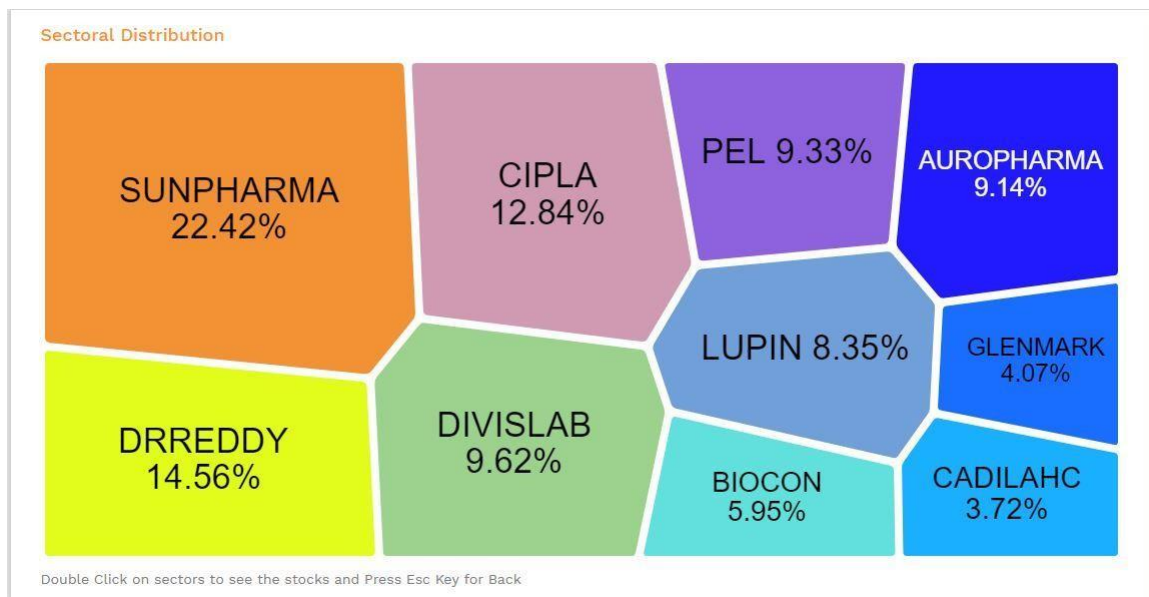


Figure 1.3: Sectorial Distribution of Nifty Pharma

II. Literature Review

As the study intends on discovering the level of connection of progress in Key Managerial Person on share price, it is important to break down past examinations which are comparative. There have been earlier examinations on elements influencing share value like organization advancements, broadening, promoting efforts, and so on while thinking about IPO volume, influenced by determinants like capital interest, Consumer Price Index, Investor Sentiment, and stock file execution among others.

Dayaratne and Wijethunga (2015) analyze the long run dynamic connection between macroeconomic factors and IPO exercises in the Sri Lankan securities exchange. They utilized the Johansen Co-Integration test and the Granger causality test for testing this dynamic relationship. The co-reconciliation test demonstrated a long run relationship of macroeconomic factors with all out continues and normal continues. They connected Augmented Dickey Fuller test to accomplish incorporating request of time arrangement information. The outcomes suggest that all information arrangement are incorporated of request one. At that

point, they connected Johansen's Co-incorporation test to decide long-run harmony connection between factors. Results demonstrate that there is a Co - reconciliation between IPO exercises and macroeconomic factors aside from the quantity of IPOs every year. This recommends there is a long haul co-development between large scale monetary factors and absolute continues and normal continues and those factors are unsurprising based on past estimations of different factors. At that point, they utilized Granger causality test to inspect causal connection between large scale factors and IPO exercises. The outcomes suggest that there is no noteworthy causal connection among factors and show Exchange rate and Interest rate granger cause with all out continues as it were. In this manner, these discoveries not give strong proof to presume that macroeconomic factors effect on IPO exercises in Sri Lanka.

Tomas, Marek and Justyna (2014) put together their examination with respect to the Polish securities exchange. They attempted to set up a connection between's nearby macroeconomic elements GDP development rate, mechanical generation development rates, the Warsaw Stock Exchange Index and the profits and volume of the private value speculations on the quantity of IPOs in Poland which is a developing business sector. They associate a year's information with a one year delay, as one year's IPO information will be connected with the earlier year's macroeconomic factors. Studies have recommended the significance of the earlier year's markers on the present year's IPO movement. The Ordinary Least Squares Method was utilized. The model infers that the GDP development rate a huge effect on the quantity of IPOs, demonstrating that it is affected by the business cycle. The engaging quality of a capital market for financial specialists estimated by yearly list returns has all the earmarks of being a vital factor for opening up to the world exercises. The model affirmed that other macroeconomic and capital market factors have had no illustrative power for IPO numbers in Poland somewhere in the range of 2004 and 2012.

Ming (2013) examinations IPO execution by concentrate the post-IPO exchanging value, one day after the IPO, of USA and Singapore. One reason at the cost development perceptions is that the estimation of the offers being sold in an IPO are characteristically exposed to extraordinary vulnerability and this outcomes in under-evaluating. In the event that both educated and clueless speculators are to buy partakes in the IPO, under-evaluating is important to pull in ignorant financial specialists. So also, if a few financial specialists have better data about the estimation of the offers than the guarantor, the financier can extricate this data by compensating educated speculators with under-evaluated offers. Additionally, under-evaluating may serve an advertising capacity.

Ameer (2012) sets his investigation in Malaysia. Utilizing Co-Integration and Vector Error Correction models, a long run balance between financing costs, mechanical creation, and number of IPOs are found. Exposed IPO routine, the effect of loan fees on the quantity of IPOs is by all accounts a lot higher than that of the hot IPO routine. This is discovered utilizing the Markov routine exchanging relapse demonstrate. Results demonstrate that hot IPO advertise routine advances when the financial specialists start encountering amazingly high introductory returns and their assumption regarding the future loan fee give a sign about entrepreneur's/administrator's eagerness to move to the IPO showcase. At the point when the administration seeks after a tight money related arrangement, financial specialists feel that the income of organizations would contract.

Subsequently they esteem the organizations much lower and on account of that the quantity of IPOs would be lesser. The outcomes demonstrate that loan costs have a more grounded relationship than different factors in a direct relapse display.

Tooth, Shi, and Zu (2012) direct an investigation on the Chinese economy. In contrast to other people, the Chinese economy has an abnormal state of intercession from the hands of the administration. The legislature recognizably intercedes to decrease the market wasteful aspects, and in this manner positively affect the essential market also by controlling the quantity of IPOs. The examination depends on information from 1996 to 2008, recording comes back from 156 months. The month to month IPO issue estimate is observed to be decidedly connected to the pre-IPO showcase returns, which demonstrates that the Chinese government deals with the planning of the IPO advertise suspension dependent available conditions. This is done to spare the expense of account as administrators would do in free markets.

Blum (2011) conducts an examination on various factors in the situation of the worldwide subsidence of 2008. She utilizes intermediaries for securities exchange conditions, capital interest, and speculator conclusion alongside overabundance stores to clarify their relationship with the monetary emergency. They complete a relapse with both the quantity of IPOs and the all out continues of the IPOs to relate with these intermediaries. It is discovered that when monetary conditions are great and the GDP development is high, firms discover the need of financing future venture. Firms additionally appear to abstain from opening up to the world when it is normal that unpredictability for the following 30 days will be high. To cut the expenses of financing, firms will in general incline toward those occasions when stocks are overrated, and not when they are regarded reasonable as indicated by essentials. Blum additionally clarifies that returns

will be higher when the quantity of IPOs are higher, and in this manner discovers how macroeconomic factors impact the normal measure of continues. Normal continues don't appear to be influenced by the business cycle. Firm explicit data is utilized to discover the impacts of similar factors on individual offer sizes. Speculators appear to favor less hazardous ventures when loan costs are high. An investigation is additionally led on the firm explicit contributions, utilizing intermediaries like income, resources before the offering, total compensation, and extraordinary obligation. There was no measurably noteworthy connection between the individual offer size and overabundance holds. In any case, as per the capital interest and financial specialist estimation speculations, the offer size was littler amid low dimensions of monetary development and abnormal states vulnerability. The connection between offer size and obligation demonstrates that obligation is viewed as an indication of value that peril, as they must be fiscally steady to profit such credits in any case.

Tran and Jeon (2011), using time game plan budgetary frameworks, take a gander at the dynamic impact of various macroeconomic determinants on IPO works out, including monetary advancement, securities trade conditions, the Fed's movements in cash related methodology, and whole deal security yields, and second, to look at the causality and drive response parts between the macroeconomic shocks and IPO works out. This is a month to month inspect and in this manner mechanical age is used as opposed to GDP. Diverse factors attempted were the S&P 500, promote unconventionality, Consumer Price Index, exhibit liquidity, the Federal Fund rate, and the 10-year US Treasury security yield. They found a positive connection between's the amount of IPOs and the S&P 500, yet a negative association with market eccentrics. Their examination suggests that while securities trade execution expects a vocation in the amount of IPOs, the Fed Funds Rate and multi year U.S. Treasury Bond yield accept an essential employment in choosing the volumes of these IPOs, or the proportion of proceeds from these IPOs. They find evidence that there is for a long while run parity association between macroeconomic variables and IPO practices as elucidated beforehand.

Sohail and Nasr (2007) inspected the short and long runs share value execution of Pakistani's IPOs amid the period 2000 to April-2006. The outcomes are like those found in created markets and are reliant upon the strategies utilized. The under-evaluating is additionally seen in Pakistani's IPOs. The outcomes demonstrate that the IPOs give financially and measurably huge beginning overabundance returns in accordance with the under-estimating occurring of IPOs, which is generally archived in the writing. The discoveries uncover that there is no benefit open door for informal investors who purchase and move offers of recently recorded issues amid the principal exchanging day; in any case, it is discovered that, there is distinct benefit open door for those financial specialists, who are happy to hold up under value vulnerability in the essential market. These financial specialists as per our example study may procure a normal benefit of about 35.66%. The outcomes demonstrate that ex-bet vulnerability, offer size, advertise capitalization and over-membership are the main noteworthy factors in deciding the dimension of under-estimating (starting abundance returns). A little benefit of clarifying the under-valuing by level of offers offered, value profit proportion, optional issue and market unpredictability factors, is watched.

Breinlinger and Glogova (2006) apply board information examination to discover the connection between stock file returns, changes in reserve funds stores, GDP development rate, and loan costs. This investigation was led in the European market for a 18-year time frame. They clarify how IPO volumes, dissimilar to IPO numbers disclose the degree to which the market was really utilized. While stock returns demonstrated positive outcomes, while neither one of the savingses stores not GDP development demonstrate any critical effect on the volumes of the IPOs. Loan costs likewise don't demonstrate any effect on the interest for raising assets through the market.

Wang (2004) inspects changes in working execution of Chinese recorded organizations around their underlying open contributions, and spotlight on the impact of proprietorship and possession focus on IPO execution changes. He archives a sharp decrease in post- issue working execution of IPO firms. He likewise finds that neither state proprietorship nor grouping of possession is related with execution changes, yet there is a curvilinear connection between lawful element proprietorship and execution changes and between centralization of non-state possession and execution changes. His outcomes are powerful to various execution measures and industry alterations. These discoveries propose that organization clashes, the board entrenchment, and vast investors confiscation coincide to impact Chinese IPO execution, and the valuable and unfavorable impacts of state shareholdings will in general balance one another.

Lowry (2002) in his paper attempts to clarify the reasons why IPO volumes show an abnormal state of change, by leading his examination in the U.S. He attempted to investigate three potential explanations behind

the variance in the volumes of IPOs. The first is that the volume shifts as indicated by various business cycles. The second one is that financial specialist positive thinking drives IPO volumes. The third one is that when there is an abnormal state of vulnerability, the quantity of IPOs will in general be lesser. The outcomes propose that IPO volume is decidedly identified with organizations' requests for capital and the dimension of speculator feeling. Firms are likewise hardly bound to have an IPO when unfavorable choice expenses are lower. As for these variables elements at both the economy-wide dimension and at the business level essentially influence firms' choices.

Rajan and Sarvaes (2002) endeavor to clarify three inconsistencies of the IPO showcase, to be specific IPO under-evaluating, glimpses of daylight for new issues and long haul underperformance, for the time of 1975-1987. A model is created in the paper in which two economic situations change after some time: Investor estimation or cost harsh interest; and Feedback dealer hazard or the inclination of financial specialists to pursue patterns. They locate that over-confidence with respect to investigators is reflected in the conduct of the association's stock value, which underpins the thought that financial specialists depend on expert estimates in settling on their choices. The stocks with the most noticeably awful reseller's exchange execution are those where examiners were most overoptimistic and the other way around. They find that the long-run underperformance of IPOs is identified with profit the board by these organizations. The organizations with the most broad utilization of optional accumulations have the most exceedingly bad post-issue execution. On the off chance that investigators don't completely fuse the ramifications of these collection strategies into their income forecasts, this could prompt the outcomes portrayed previously. By and large, these outcomes on investigator following together with our discoveries bolster the idea that there is methodical over-idealism in the IPO advertise.

Habib and Ljungqvist (2001) contend that under-estimating takes into consideration cost investment funds in different regions of showcasing the issue. One of the issues for retail financial specialists for such a venture technique is, that many IPO's are typically oversubscribed. It is difficult to get the precise number that you need, or in the most pessimistic scenario get any whatsoever on the grounds that speculators need to ticket for the stocks. Moreover, the interest is pushed up significantly increasingly because of the minimal effort of procurement expense, a simple 2 dollars in Singapore, which is much less expensive than the standard business charges in Singapore.

Gompers and Lerner (2001) looks to reveal insight into a contention (execution of beginning open contributions utilizing information after the development of NASDAQ) by attempted a huge, out-of-test think about: we inspect the execution for as long as five years subsequent to posting of almost 3,661 starting open contributions in the United States from 1935 to 1972. The example shows some proof of underperformance when occasion time purchase and-hold irregular returns are utilized. The underperformance vanishes, be that as it may, when total irregular returns are used. A date-book time examination additionally demonstrates that over the whole example time frame—i.e., from 1935 to 1976—IPOs return as much as the market. At long last, the captures in CAPM and FamaFrench three-factor relapses are unimportantly unique in relation to zero, proposing no anomalous execution. In an example of more than 3,661 IPOs somewhere in the range of 1935 and 1972, we discover underperformance when occasion time purchase and-hold strange returns are utilized, yet even this outcome isn't reliably measurably huge. The underperformance vanishes when we utilize total strange returns. A date-book time investigation demonstrates that IPOs return at any rate as much as the market over the whole example time frame. To put it plainly, the overall execution of IPO test relies upon the technique for inspecting execution. One technique recommends that this example fails to meet expectations; others propose prevalent execution.

Welch (1992) models that under-evaluating can cause a domino or course impact among speculators that raises interest for the issue.

2.1 Research Gap

The literatures reviewed, mostly depict the impact of CEO change on IPO, company performance, CEO compensation, etc, but fail to refer to its influence of its public announcement on the market price of share of the company and movement of change.

III. Research Methodology

3.1 STATEMENT OF PROBLEM

It is believed that whatever happens in the financial markets of any country has a very strong economic reasoning for the same but at the same time is largely influenced by the investor sentiment and trust in the company performance. A lot of study has been undertaken to understand the sentimental reaction of a market

towards the changes in the company profile.

It is evident that profile changes in some companies have a larger impact on the share prices in contrast to other companies, largely due to the role of key managerial personnel in improving the profitability of the company. The reason behind the change in key managerial personnel also determines the extent of impact on the share price of that company.

3.2 SCOPE OF STUDY

It is important to measure only such companies that can define the relationship between the change in key managerial personnel and its impact on share prices. Thus companies falling under the NIFTY indices of three major industrial sectors in the country: Information Technology, Banking and Pharmaceutical come under the purview of the study.

Further the research would be done exclusive of major events like dividend distribution, buyback schemes, etc that have a greater impact on the share prices of the respective companies. The periods of the financial downfall would be defined by a certain percentage fall in the broader market index.

The objective also tries to differentiate the impact of change in key managerial personnel on share prices among different reasons of change in such key managerial personnel. The major reasons of change can be identified as retirement, reappointment and resignation.

3.3 RESEARCH QUESTION

1. Is there a difference in share price due to change in Key Managerial Personnel?
2. Does the reason of change in Key Managerial Personnel influence the level of difference in share price?

3.4 RESEARCH OBJECTIVES

1. To understand the variations in share price due to change in Key Managerial Personnel in 4 major industrial sectors in India.
2. To measure the difference in the mean of stock price before and after the announcement of change in KMP.
3. To ascertain whether the reason of change in Key Managerial Personnel signifies the level of difference in the mean of share price before and after the announcement of change in KMP.
4. To understand the principle of 'momentum of stock' and its application.

3.5 RESEARCH HYPOTHESIS

The research hypothesis are multiple in the study, and each industry sector is to be converted into its own hypothesis.

Information Technology

- H₀- A change in the KMP of a IT company does not bring a difference in the equity share price of the company.
- H₁- A change in the KMP of a IT company does bring a difference in the equity share price of the company.

Banking Sector

- H₀- A change in the KMP of a Banking company does not bring a difference in the equity share price of the company.
- H₁- A change in the KMP of a Banking company does bring a difference in the equity share price of the company.

Pharmaceutical Sector

- H₀- A change in the KMP of a Pharma company does not bring a difference in the equity share price of the company.
- H₁- A change in the KMP of a Pharma company does bring a difference in the equity share price of the company.

3.6 DATA COLLECTION METHOD

A quantitative approach would be taken and implemented by using secondary data of share prices which will be taken from the website of National Stock Exchange (NSE). The research would specifically be done with regards to the Indian financial markets with a lookback period of 10 years.

3.7 LIMITATIONS OF THE STUDY

Although the study was done with minimum scope for negligence but many shortcomings could challenge the findings of the study.

1. The study is circumscribed to companies under NIFTY indices of 4 sectors only.
2. The current study is curbed to a very minor variable that impacts share prices of the company.
3. The study could be affected by difference in official announcement of change in KMP and predicted announcement of change in KMP.

3.7 Scheme of Chapterisation

The research project has been divided into 5 chapters:

Chapter 1	Introduction
Chapter 2	Review of Literature
Chapter 3	Research Methodology
Chapter 4	Data Analysis and Interpretation
Chapter 5	Suggestion, Recommendation and Conclusion

Chapter 1: Introduction

Introduction to Key Managerial Personnel, Sector Information: IT, Bank and Pharma. (General Information)

Chapter 2: Review of Literature

Study of existing literature.

Chapter 3: Research Methodology

Statement of Problems, Objectives of the Study, Scope of the Study, Methodology of the Study, Hypothesis, Data Collection Method, Limitations, Scheme of Chapterization.

Chapter 4: Analysis and Interpretation

Paired Sample t Test for all companies falling under the Nifty index of the particular Sector.

Chapter 5: Suggestions, Recommendations and Conclusion

Summary of Findings (Sector wise), Recommendations for Investors and Conclusion.

IV. Data Analysis and Interpretation

4.1 Introduction

This chapter has been organized in 4 sub-sections, each analyzing the impact on share prices due to change in the key managerial person of companies in 4 industry sectors: Technology (IT), Bank, and Pharmaceutical.

4.2 Technological Sector / IT Sector

4.2.1 Infosys

On 18th August 2017 Vishal Sikka resigned as the MD and CEO of Infosys. Infosys is one of India's biggest IT administrations firms. Mr Sikka was selected in June 2014 and entrusted with pivoting the battling business. The organization reported that he was resigning as CEO and MD with prompt impact, yet would remain on as official bad habit administrator. The unpleasant rancor between the Board and Infosys founder had been blending for quite a while. But, Mr Sikka's choice to quit the organization under these conditions has left financial specialists and investors stressed. In his first remarks to investigators following his resignation, Mr Sikka depicted the nonstop claims against him by the founders headed by Mr Narayana Murthy as 'sickening'. The Infosys board has supported Mr Sikka and solidly accused Mr Murthy - the fundamental author of the organization - for Mr Sikka's resignation. Infosys has been pondering difficulties the IT business has looked as of late. With the Trump organization getting serious about H1-B visas, which were essentially issued to Indian IT workers, benefits of Indian IT firms have been feeling the squeeze. The US is a critical market for the Indian IT industry, contributing over 60% to generally speaking incomes. There's likewise the ascent of man-made brainpower, which has prompted gigantic occupation cuts at Indian IT firms. (Economic Times, 2017)

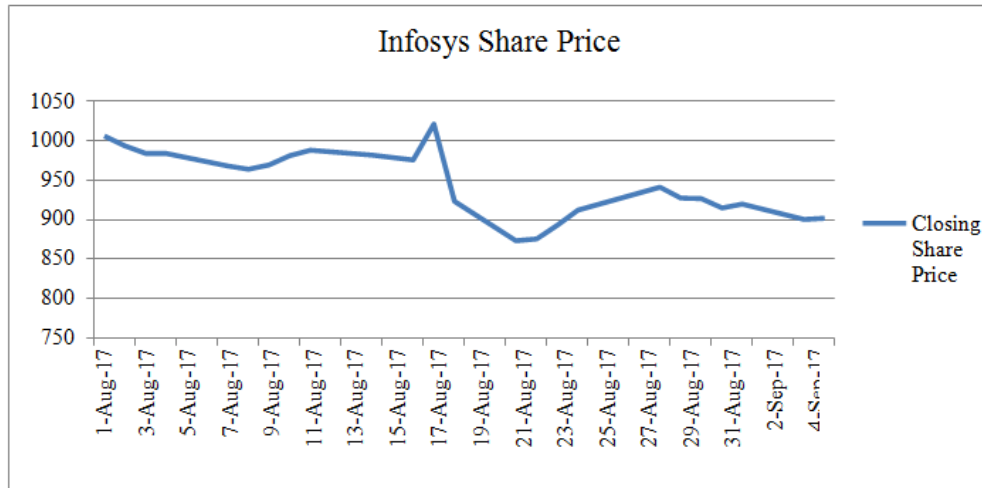


Figure 4.1: Share Prices of Infosys during August, 2017

Table 4.1

Paired Samples Statistics of Infosys Share Price

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	INFY-Before t	984.5458	12	16.18118	4.67110
	INFY-After t	909.0917	12	20.95607	6.04950

Source: Author’s Compilation

Table 4.2

Paired Samples t Test of the share prices of Infosys

	Mean	Paired Differences		t	df	Sig. (2-tailed)
		Std. Deviation	Std. Error Mean			
				Lower	Upper	
Pair 1	INFY-Before t- 75.4541	30.39467	8.77419	56.14231	94.76602	8.60
	INFY-After t 7					0
						11
						.000

Source: Author’s Compilation

The mean difference of 75.45 suggests a drastic impact of the change in KMP on the share price of the company. The resignation of the company’s CEO Vishal Sikka majorly impacted the investor sentiment and as the result the share price of the company fell nearly by 7% the day following the public announcement of the news. This implies that the change in KMP due to resignation of the CEO does impacts the share piece of the company.

4.2.2 Tata Consultancy Services

On 12th January 2017 Rajesh Gopinathan was delegated as Chief Executive Officer and Managing Director. Mr Gopinathan assumes control from Mr. N Chandrasekaran who has now been designated as the Chairman of Tata Sons Ltd. Rajesh Gopinathan joined Tata Consultancy Services in 2001. In February 2013, he assumed the role of the Chief Financial Officer of the Company. He has undertaken a key job in helping TCS turn into a \$ 16.5 billion worldwide organization with more than 371,000 representatives. Preceding his role as

the CFO, Rajesh was the Vice President - Business Finance. In this job he was in charge of the budgetary administration of the organization's individual working units. His duties incorporate budgetary arranging and control just as income affirmation and edge the executives. (Economic Times, 2017)

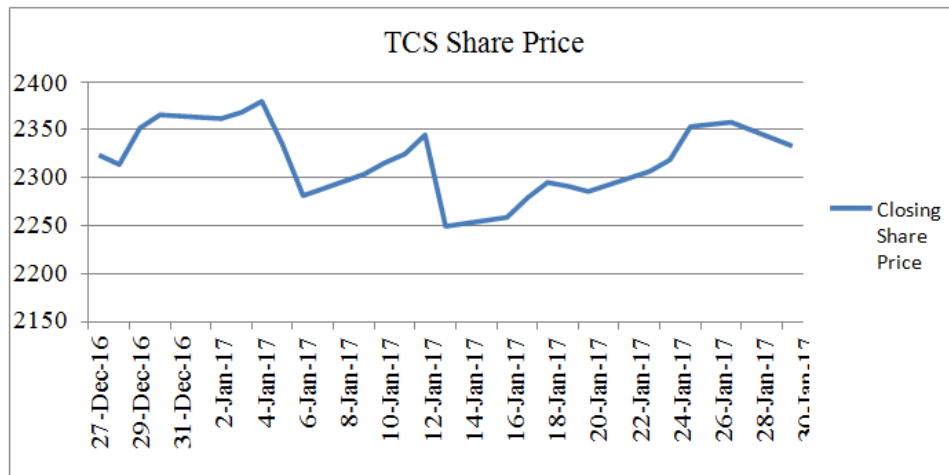


Figure 4.2: Share Prices of TCS during January, 2017

Table 4.3

Paired Samples Statistics of TCS Share Prices

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 TCS-Before t	2335.20000	12	30.0672882	8.6796785
TCS-After t	2305.92916	12	35.9528887	10.3787050

Source: Author's Compilation

Table 4.4

Paired Samples t Test of the Share Prices of TCS

Pair	TCS_Before t-	TCS_After t	Paired Differences				t	df	Sig. (2-tailed)
			Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference Lower Upper			
1	29.270833	3	57.315456	16.545547	2	- 65.687337 7.1456704	1.76 9	11	.005

Source: Author's Compilation

The mean difference of 29.27 suggests a decrease in the share prices of TCS after the announcement of the change in the KMP. But the appointment of Mr. Rajesh as the CEO as made public attracted a fall of 4% in the price of the company's shares. The market corrected itself and the prices increased as the company announced distribution of dividend on its shares on 23rd January 2017. Thus, the minor factor of the change in the management is overridden by the major factor of dividend distribution.

4.2.3 HCL Technologies

On 21st October 2016 HCL Technologies a major worldwide IT administrations supplier, reported the arrangement of C Vijayakumar as the President and Chief Executive Officer of the organization. Anant Gupta had chosen to leave the organization to seek after home interests outside of HCL. Gupta set aside little opportunity to report the dispatch of Techcelx, a business increasing speed and innovation venture firm centered around creating advanced items and stages for undertakings. At HCL Technologies, as a rule a six-month change period is given to the interim CEO. For Vijayakumar's situation, it was only four months. (Economic

Times, 2017)

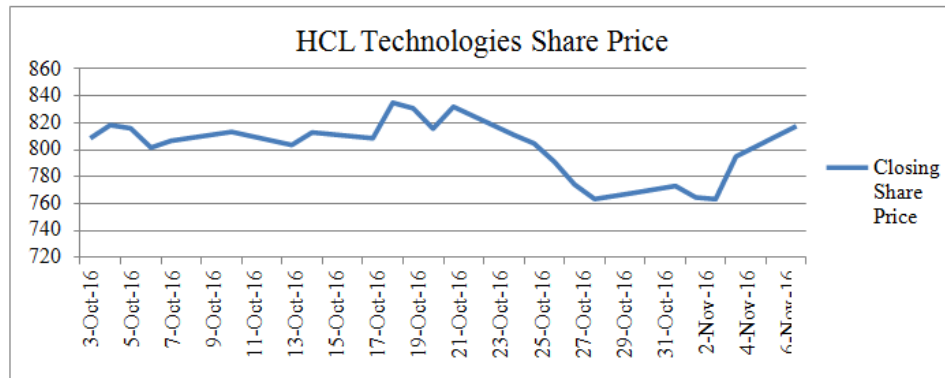


Figure 4.3: Share Prices of HCL during October, 2016

Table 4.5

Paired Samples Statistics of HCL Share Prices

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	HCL-Before t	814.0958	12	10.08267	2.91062
	HCL-After t	787.9375	12	23.80269	6.87125

Source: Author's Compilation

Table 4.6

Paired Samples t Test of the Share Prices of HCL

		Paired Differences				t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference			
					Lower	Upper		
Pair 1	HCL-Before t - HCL-After t	26.15833	25.88375	7.47200	9.71258	42.60408	3.501	.005

Source: Author's Compilation

The mean difference of 26.15 signifies the fall in share prices of HCL after the announcement of change in CEO, as Anant Gupta chose to leave the company to pursue personal interest outside the company. The immediate market response recorded a fall in the price of the share by 2.5% on the following day after the announcement. The share prices hit the lower threshold point and started increasing after 3rd November.

4.2.4 Wipro

On 4th January 2016, Wipro promoted Abidali Z Neemuchwala as the CEO of the company. Neemuchwala, who was the Group President and Chief Operating Officer, assumed control from TK Kurien, who will end up being the Executive Vice-Chairman and proceed on the organization's Board until March 31, 2017. Kurien was expected to resign by December 2016 and then had an augmentation for three additional months. Neemuchwala's arrangement as CEO will impart enormous certainty among Wipro representatives and investors, as the reins of the organization will be in the hands of a prepared proficient. (Economic Times, 2016)

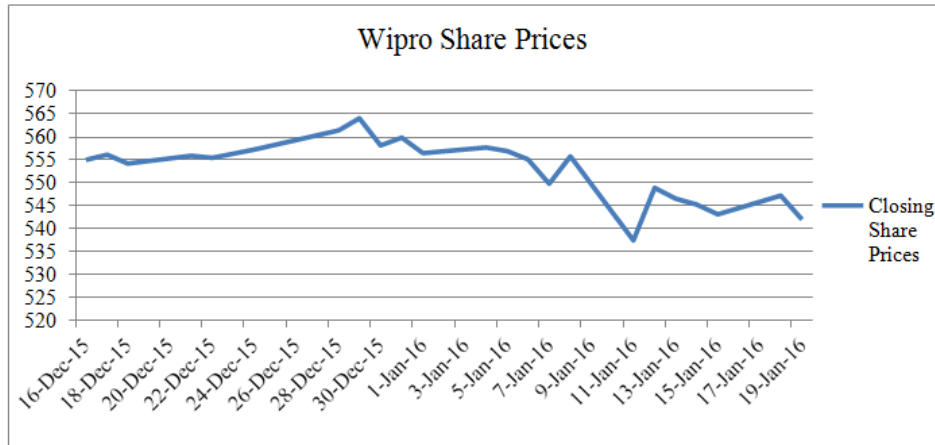


Figure 4.4: Share Prices of Wipro during January, 2016

Table 4.7

Paired Samples Statistics of Wipro Share Prices

	Mean	N	Std. Deviation	Std. Error Mean
Wipro_Before	557.500000	12	2.9160216	.8417829
Wipro_After	548.808333	12	6.4862734	1.8724258

Source: Author's Compilation

Table 4.8

Paired Samples t Test of the Share Prices of Wipro

	Mean	Std. Deviation	Paired Differences		t	df	Sig. (2-tailed)	
			Std. Error Mean	95% Confidence Interval of the Difference				
			Mean	Lower	Upper			
Wipro_Before	557.500000	2.9160216	2.9160216	3.4940681	3.68	11	.004	
Wipro_After	548.808333	6.4862734	6.4862734	3.4940681	3.68	11	.004	

Source: Author's Compilation

The mean difference of 8.69 suggests a fall in the share prices. Though the share prices started declining on 4th January, the major fall in prices occurs on 8th January while the announcement was made 4 days earlier. The impact in this case is way lesser as compared to other companies and the reason for the same can be traced to the prediction of the change in KMP. This prediction was very no major affair as Mr. Kurien was serving his extended period of 3 months. Thus, though the share prices were impacted, the gravity of the impact was minimal.

4.2.5 Tech Mahindra LTD

On 24th May 2012, CEO C P Gurnani was reappointed as the Managing Director and CEO of Tech Mahindra LTD after the announcement of the merger with the Mahindra Systems Ltd. Gurnani is viewed as an accomplished leader in business with a history of successful mergers, joint ventures and acquisitions. The

historical acquisition and merger of the company with Satyam was also lead by Gurnani. The company was witnessed tremendous growth in terms of sales and business development under his leadership. Reappointment of his leadership in the company assured the investors in the market of further growth of the company, especially in an era where IT solutions have taken the industrial lead in development and GDP contribution. (Economic Times, 2012)

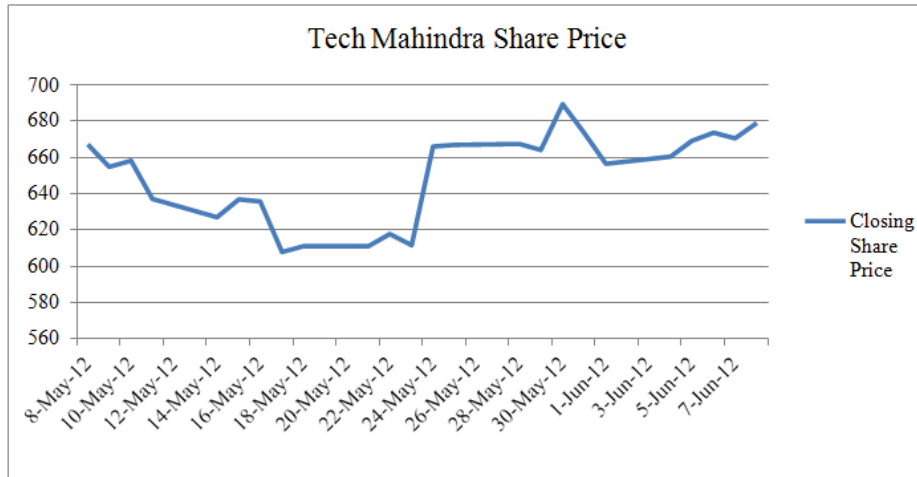


Figure 4.5: Share Prices of Tech Mahindra Ltd during May, 2012

Table 4.9

Paired Samples Statistics of Tech Mahindra Share Prices

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 TECHM-Before t	631.425000	12	20.4967126	5.9168913
TECHM-After t	669.7667	12	8.61909	2.48812

Source: Author's Compilation

Table 4.10

Paired Samples t Test of the Share Prices of Tech Mahindra

	Mean	Paired Differences		t	df	Sig. (2-tailed)
		Std. Deviation	Std. Error Mean			
				Lower	Upper	
Pair 1 TECHM-Before t - TECHM-After t	-38.3416667	24.0455801	6.9413611	-5.524	5.524	.000

Source: Author's Compilation

The mean difference of -38.34 indicates a increase in the share price of Tech Mahindra Ltd after the reappointment of CEO C P Gurnani. The company witnessed an increase of 9% in share prices after the announcement was made public. The trust of investors in the company's CEO can be witnessed by this increase.

4.2.6 Mindtree

On 18th January 2016, Mindtree promoted Rostow Ravanan as the CEO and Managing Director of the company. The former CEO Mr. Natarajan was promoted to the executive director level. Ravanan was the former CFO of the company before taking over the role as the head of Europe. He headed departments of service lines and key accounts in Europe. Ravanan is also one of the founding members of the company. The

company also announced the stepping down of Subroto Bagchi as the executive chairman, who is also one of the founding members of the company. The announcement included, 3 major changes in their Key Managerial Personnel. (Forbes India, 2016)

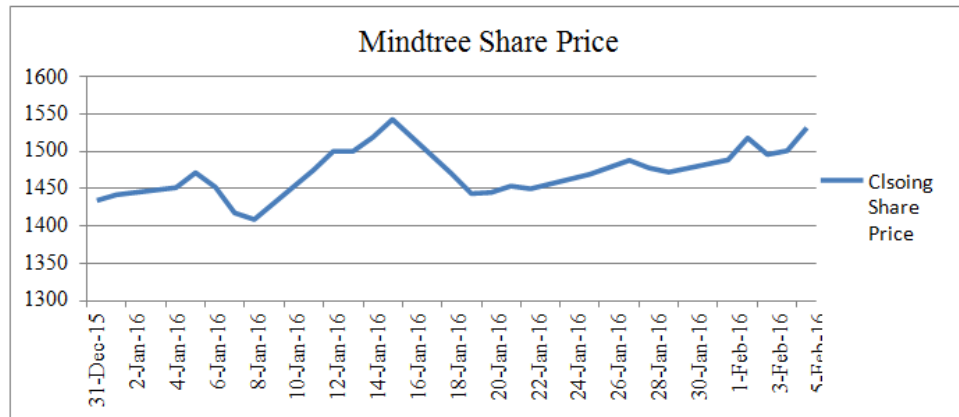


Figure 4.6: Share Prices of Mindtree during January, 2016

Table 4.11

Paired Samples Statistics of Mindtree Share Prices

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 MINDTREE_ Before t	1467.5542	12	41.23358	11.90311
MINDTREE_ After t	1472.4417	12	22.49240	6.49300

Source: Author's Compilation

Table 4.12

Paired Samples t Test of the Share Prices of Mindtree

	Mean	Std. Deviation	Paired Differences		t	df	Sig. (2-tailed)	
			Std. Error Mean	95% Confidence Interval of the Difference				
				Lower				Upper
Pair 1 Mindtree_Before t - Mindtree_After t	4.88750	35.03117	10.11263	-27.14524 17.37024	-4.83	11	.003	

Source: Author's Compilation

The mean difference of -4.88 suggests an increase in the share of Mindtree after the public announcement of the changes in the Key Managerial Personnel. Though, the immediate impact of the announcement on the share prices was a decline by approximately 4.5%. The prices were again affected by the dividend distribution announcement that was made 6 days following the announcement of change in the KMP. Again, the dividend distribution factor largely impacted the share prices, thus witnessing a growth in the prices, following the later announcement.

4.2.7 Oracle Financial Services Software (OFSS) LTD

On 26th October 2010, Oracle Financial Services Software announced Chaitanya M Kamat as their new CEO and Managing Director. The former CEO N Raman retired after serving the company for 25 years. Though, N Raman served the company as the executive advisor till the end of the year, he wasn't retained on

the company’s Board of Directors post that. The company also announced the appointment of a new independent director on the OFSS Board, Mr. S. Venkatachalam. He served on the board of State of India as well, at the time of this announcement. (Oracle Ltd, 2010)

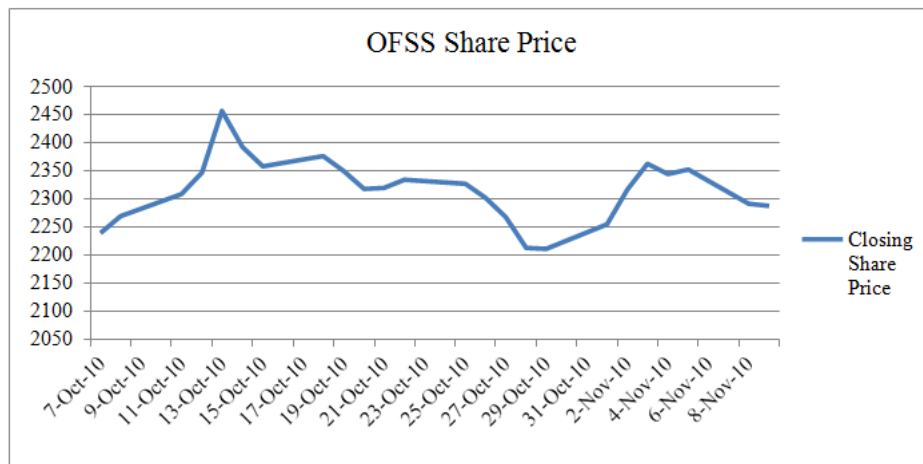


Figure 4.7: Share Prices of OFSS during October, 2010

Table 4.13

Paired Samples Statistics of OFSS Share Prices

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	OFSS-Before t	2337.92	12	56.544	16.323
	OFSS-After t	2293.17	12	50.499	14.578

Source: Author’s Compilation

Table 4.14

Paired Samples t Test of the Share Prices of OFSS

	Mean	Std. Deviation	Paired Differences		t	df	Sig. (2-tailed)	
			Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1	44.75	90.276	26.061	-12.609	102.109	1.717	11	.004
OFSS- Before t - OFSS-After t	0							

Source: Author’s Compilation

The mean difference of 44.75 indicates a fall in the share prices of OFSS after the public announcement of the change in KMP. The immediate response of the market was recorded by a fall of 6.7% in the share prices. The decision of not keeping N Raman on the Board of Directors could be a major reason of the fall in the share prices of the company.

4.2.8 NIIT Technologies

On 29th May, 2017 NIIT Technologies announced the appointment of Mr. Sudhir Singh as the CEO designate. Mr. Ankur Thakur, the joint Managing Director of the company will share responsibilities with the new CEO. Singh was formerly COO at Genpac. He had played a key role during the acquisition and integration of Headstrong Technologies and Genpac. Infosys’ Global Payments was also headed by Mr. Sudhir Singh. The appointment of him as the CEO was a major game changer for the company. (Economic Times, 2017)

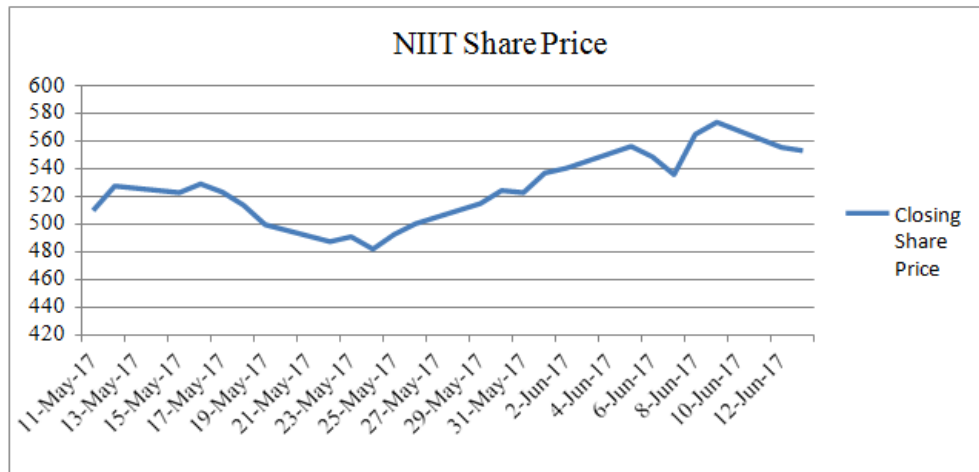


Figure 4.8: Share Prices of NIIT Technologies during June, 2017

Table 4.15

Paired Samples Statistics of NIIT Technologies Share Prices

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	NIIT-Before t	506.50	12	16.665	4.811
	NIIT-After t	544.00	12	17.878	5.161

Source: Author's Compilation

Table 4.16

Paired Samples t Test of the Share Prices of NIIT Technologies

Pair		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower				Upper
1	NIIT-Before t - NIIT-After t	37.500	31.379	9.058	-57.437	-17.563	4.140	11	.002

Source: Author's Compilation

The mean difference of -37.5 indicates an increase in the share prices of NIIT Technologies following the public announcement of the company's new CEO. The investors believed in the experience of the new CEO and thus can be a major reason behind this increase in the share prices of the company.

4.2.9 Tata Elxsi

On 27th October, 2016 the board of directors of Tata Elxsi approved the reappointment of the company's CEO and Managing Director Mr. Madhukar Dev. Mr. Dev had joined the company in 1991 and has over 30 years of experience in the industry. (The Hindu, 2016)

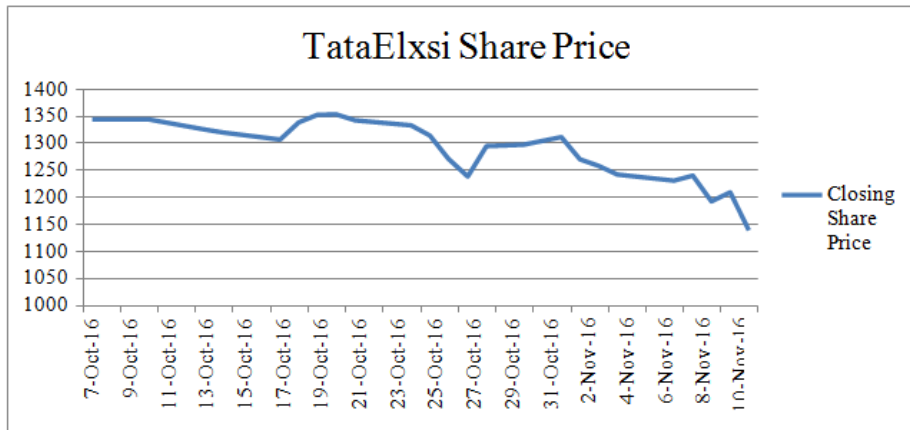


Figure 4.9: Share Prices of Tata Elxsi during October, 2016

Table 4.17

Paired Samples Statistics of Tata Elxsi Share Prices

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1	TATAELXSI- Before t	1328.97500	12	23.4950237
	TATAELXSI- After t	1244.12083	12	48.3089981

Source: Author's Compilation

Table 4.18

Paired Samples t Test of the Share Prices of Tata Elxsi

	Mean	Paired Differences			t	df	Sig. (2-tailed)
		Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference			
				Lower	Upper		
Pair 1	84.854166	43.771251	12.635672	57.043240	112.66509	6.71	.000
TATAELXS	7	8	0	1	32	5	
I-After t							

Source: Author's Compilation

The mean difference of 84.85 indicates a fall in the share prices of the company after the public announcement. Though, the immediate response of the market was an increase in the share prices by 4%. The falling share prices of the company also reflect the poor performance of the company during the financial year of 2016.

4.2.10 Infibeam

On 14th June, 2018 Infibeam which is based in Ahmedabad, announced the appointment of former snapdeal executive Mr. Jason Kothari as the President of the company. He was appointed to lead the roles in investor relations and strategic planning. Kothari would be working hand in hand with Mr. Vishal Mehta who is the CEO of the company. The company planned its expansion under his leadership. Kothari served as the investment strategist at its former employer, snapdeal. (Times of India, 2018)

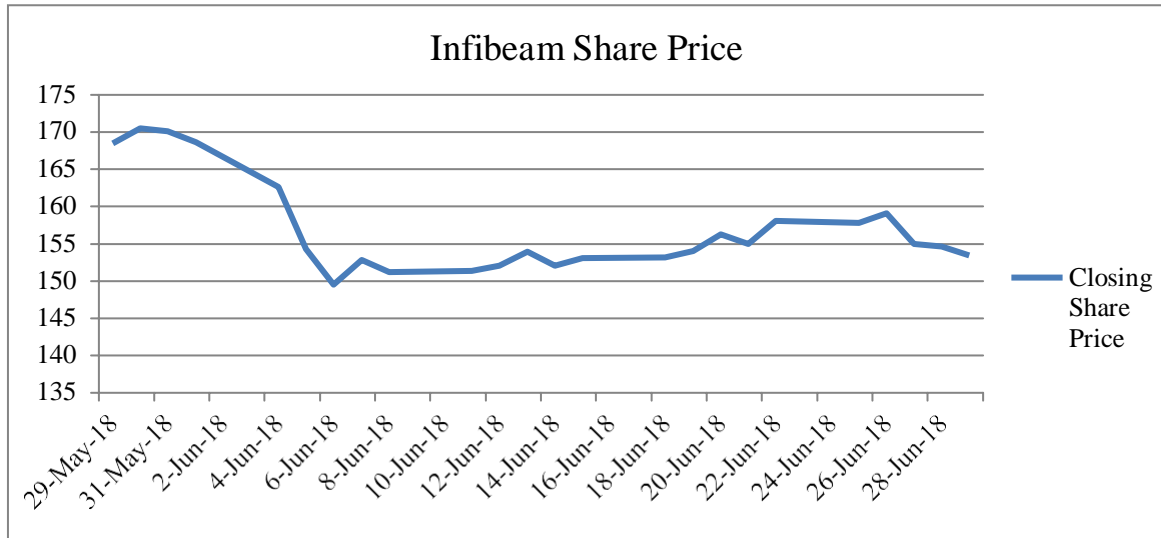


Figure 4.10: Share Prices of Infibeam during June, 2018

Table 4.19

Paired Samples Statistics of Infibeam Share Prices

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 INFIBEAM- Before t	158.775000	12	8.5059471	2.4554554
INFIBEAM- fter t	155.120833	12	2.2430153	.6475027

Source: Author’s Compilation

Table 4.20

Paired Samples t Test of the Share Prices of Inbeam

	Mean	Paired Differences			t	df	Sig. (2-tailed)	
		Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 INFIBEAM- Before t - After t	3.654166	10.168745	2.9354640	-10.115079	10.115079	1.24	11	.009
	7	8		2.8067461	5	5		

Source: Author’s Compilation

The mean difference of 3.65 signifies a fall in the prices of the shares of Infibeam after the appointment of the new president. The immediate market response was recorded by a fall in share prices by 4%. The change in KMP in respect to president has a lesser impact than the change in CEO of the company.

4.3 Banking Sector

4.3.1 HDFC Bank

On 1st November, 2018 HFDC Bank reappointed Mr. Aditya Puri as the Managing Director and CEO. They got the approval from Reserve Bank of India to retain Mr. Puri till he attains the age of 70 which was further approved by the shareholders. Puri has served with the bank since 1994, and has lead major mergers for

the company. Retaining his as the CEO was very crucial decision for the bank. (Business Line, 2018)

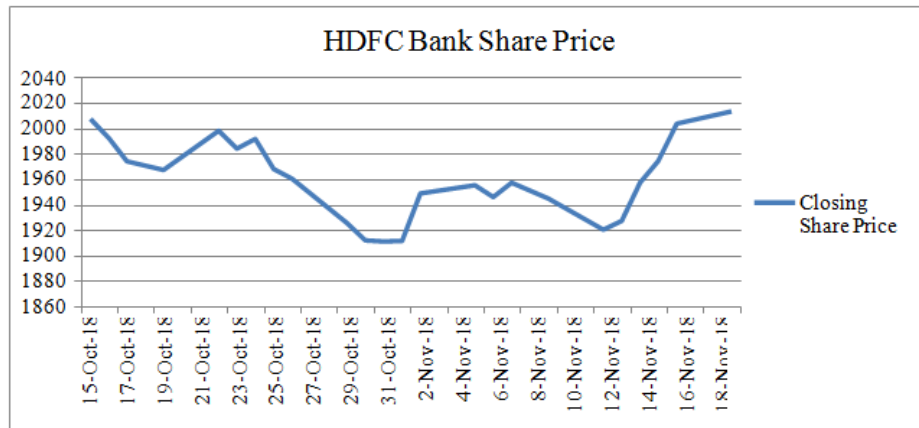


Figure 4.11: Share Prices of HDFC Bank during November, 2018

Table 4.21

Paired Samples Statistics of HDFC Share Prices

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	HDFC-Before t	1966.6625	12	33.12224	9.56157
	HDFC-After t	1955.6208	12	30.51040	8.80759

Source: Author's Compilation

Table 4.22

Paired Samples t Test of the Share Price of HDFC

	Mean	Std. Deviation	Paired Differences			t	df	Sig. (2-tailed)
			Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1	11.0416	61.49389	17.75176	-28.02969	50.11302	.622	11	.007

Source: Author's Compilation

The mean difference of 11.04 signifies a fall in the prices of the shares of HDFC Bank after the reappointment of the Managing Director and CEO. The immediate market response was recorded by an increase in share prices by 3.15%. Though, the mean difference shows a fall in the share prices of the company, the immediate response of the market shows that the announcement impacted the share prices positively.

4.3.2 ICICI Bank

On 4th October, 2018 Sandeep Bakshi was appointed as the new CEO and Managing Director of ICICI Bank. Former CEO Chanda Kochhar quit the bank after she faced corruption allegations and hence, the bank accepted her early retirement. Sandeep Bakshi was the COO of ICICI Bank, prior to his appointment as MD and CEO. He has spent over 30 years within the financial industry and joined ICICI in 1986. He has been instrumental in building the General Insurance Business in 2002. (Times of India, 2018)

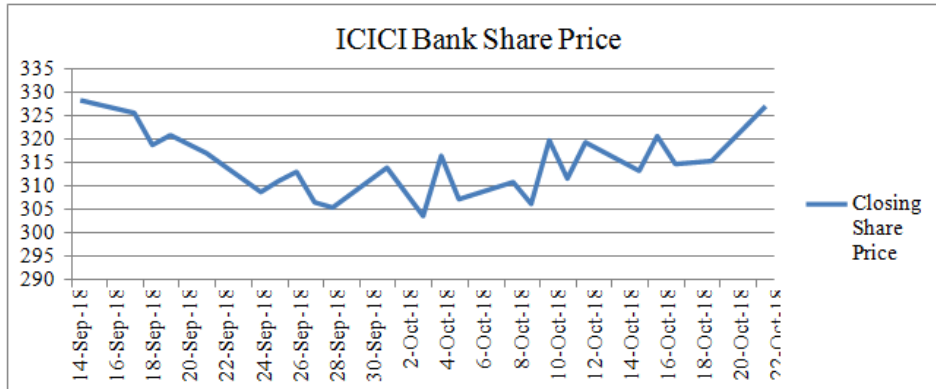


Figure 4.12: Share Prices of ICICI Bank during October, 2018

Table 4.23

Paired Samples Statistics of ICICI Share Prices

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	ICICI-Before t	314.483333	12	7.9185723	2.2858949
	ICICI-After t	315.266667	12	5.9508721	1.7178688

Source: Author's Compilation

Table 4.24

Paired Samples t Test of the share prices of ICICI Bank

	Mean	Std. Deviation	Paired Differences		t	df	Sig. (2-tailed)		
			Std. Error	95% Confidence Interval of the Difference					
								Mean	Lower
Pair 1	ICICI-Before t - ICICI-After t	.7833333	12.314631	3.5549279	8.6076770	7.0410103	-.220	11	.000

Source: Author's Compilation

There is hardly any mean difference in the share prices of the company before and after the appointment of the CEO. The immediate market response was recorded by an increase in share prices by 3%. The change of KMP in this case was predicted by the investors, due to the allegations faced by the former CEO. (Economic Times, 2018)

4.3.3 Kotak Bank

On 30th April, 2018 the board of director of Kotak Bank redesignated Uday Lotak as the Managing Director and CEO of the bank. Mr. Uday Kotak took up the responsibility as the CEO for the first time after serving as the Vice Chairman and Managing Director for the company. He is the only person in the banking industry to have the designation of Vice Chairman. The bank also announced 2 other changes in KMP in the same press release. (The Hindu, 2018)

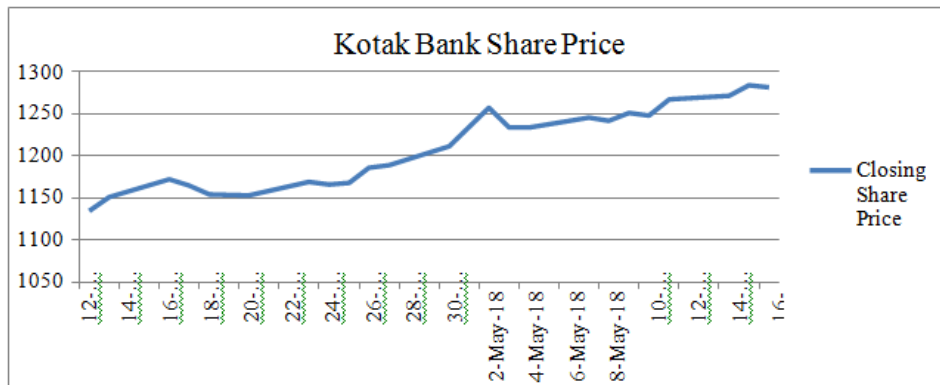


Figure 4.13: Share Prices of Kotak Bank during May, 2018

Table 4.25

Paired Samples Statistics of Kotak Bank Share Prices

	Mean	N	Std. Deviation	Std. Error Mean
Kotak-Before t	1163.387500	12	15.2172469	4.3928408
Kotak-After t	1252.054167	12	21.4266875	6.1853519

Source: Author's Compilation

Table 4.26

Paired Samples t Test of the Share Prices of Kotak Bank

	Mean	Paired Differences		95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
		Std. Deviation	Std. Error Mean	Lower	Upper			
Kotak- Pair 1 Before t - Kotak-After t	88.6666667	14.3931539	4.1549456	97.8116404	79.5216930	21.340	11	.000

Source: Author's Compilation

There mean difference of -88.6 signify an increase in the share prices of the company after the appointment of the CEO and detainments of Mr. Uday Kotak as the Vice Chairman of the Bank. The immediate market response was recorded by an increase in share prices by 4.1%. Though, Mr. Uday Kotak was appointed as the CEO for the first time, his leadership had been instrumental in the success of the company in the former years of business.

4.3.4 Axis Bank

On 8th September, 2018 the Axis Bank appointed Amitabh Chaudhry as the CEO after Shikha Sharma demitted the office. Sikha Sharma retires after serving the banking industry for more than 20 years. Amitabh Chaudhry had been working with HDFC Bank prior to this appointment and had organized successful IPO's for the company. He has been working in the banking industry since 1987. (Economic Times, 2018)

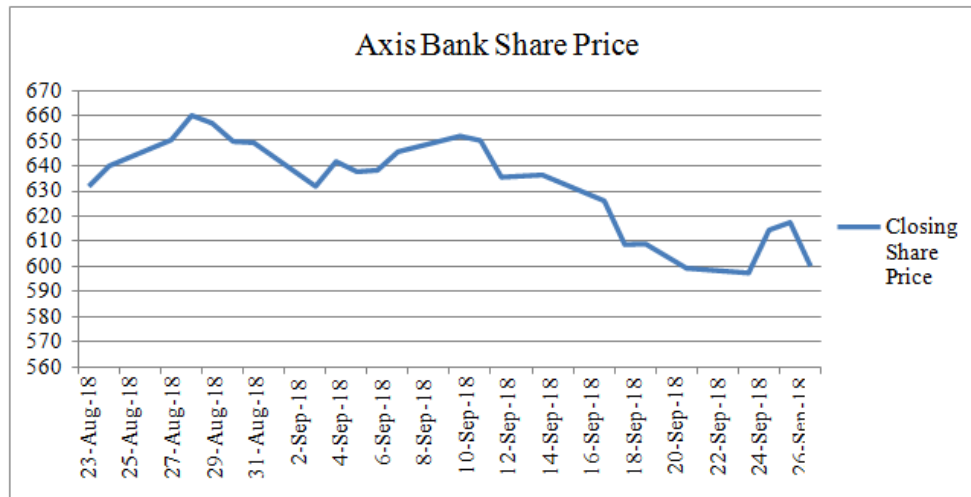


Figure 4.14: Share Prices of Axis Bank during September, 2018

Table 4.27

Paired Samples Statistics of Axis Bank's Share Prices

	Mean	N	Std. Deviation	Std. Error Mean
Axis-Before	644.400000	12	9.1357191	2.6372549
Axis-After t	620.466667	12	19.2850547	5.5671158

Source: Author's Compilation

Table 4.28

Paired Samples t Test of the Share Prices of Axis Bank

	Mean	Std. Deviation	Paired Differences		t	df	Sig. (2-tailed)	
			Std. Error Mean	95% Confidence Interval of the Difference				
			Mean	Lower	Upper			
Pair 1	23.933333	20.821528	6.0106576	10.703965	37.162701	3.98	11	.002
t - Axis-After t	3	8	1	6	2			

Source: Author's Compilation

The mean difference of 23.93 signifies a fall in the prices of the shares of Axis Bank after the appointment of the new CEO. The immediate market response was recorded by an decrease in share prices by 3.07%. The retirement of the former CEO and appointment of the new CEO drastically impacted the share prices of the bank.

4.3.5 State Bank of India

On 30th June, 2018 State Bank of India appointed Arijit Basu as the new Managing Director of the bank. He stepped in the place of Mr. Rajnish Kumar who was elevated to the position of the Chairman. The announcement was made public in regard to these two important changes in the KMP. (Economic Times, 2018)

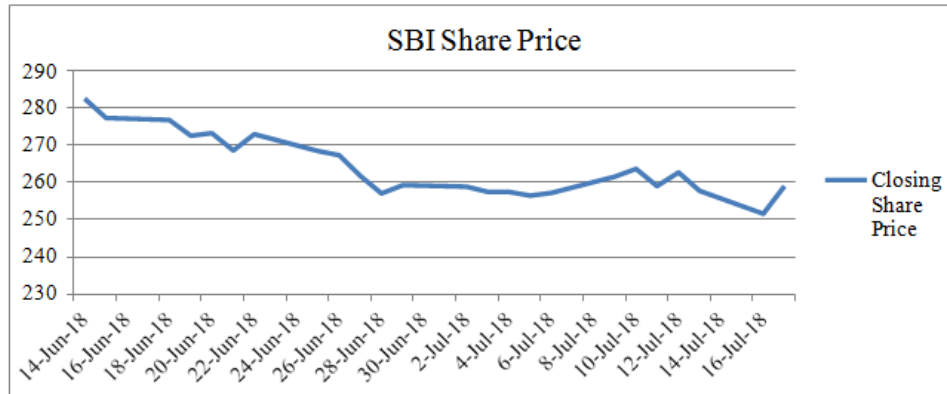


Figure 4.15: Share Prices of SBI during July, 2018

Table 4.29

Paired Samples Statistics of SBI Share Prices

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 SBI-Before t	269.866667	12	7.6883718	2.2194418
SBI-After t	258.583333	12	3.1879983	.9202958

Source: Author's Compilation

Table 4.30

Paired Samples t Test of the Share Prices of SBI

	Mean	Paired Differences		t	df	Sig. (2-tailed)
		Std. Deviation	Std. Error Mean			
Pair 1 SBI-Before t	11.283333			16.059151	5.20	
- SBI-After t	3	7.5165978	2.1698549	6.5075149	7	.000

Source: Author's Compilation

The mean difference of 11.28 signifies a fall in the prices of the shares of State Bank of India after the appointment of the new managing director. The immediate market response was recorded by a decrease in share prices by 0.5%. Though, the mean difference shows a fall in the share prices of the company, the share prices for State Bank of India remained more or less constant over the following days of the announcement, indicating that the announcement didn't impact the share prices at a larger extent.

4.3.6 IndusInd Bank

On 1st February, 2011 IndusInd Bank reappointed Mr. Romesh Sobti as the managing director and the CEO of the Bank. He had taken over the position from Mr. Bhaskar Ghose after his retirement, in the financial year 2007-08. Mr. Sobti has been in the banking sector for over 37 years, having experience in all 3 fields of banking: private, public and foreign. (The Hindu, 2011)

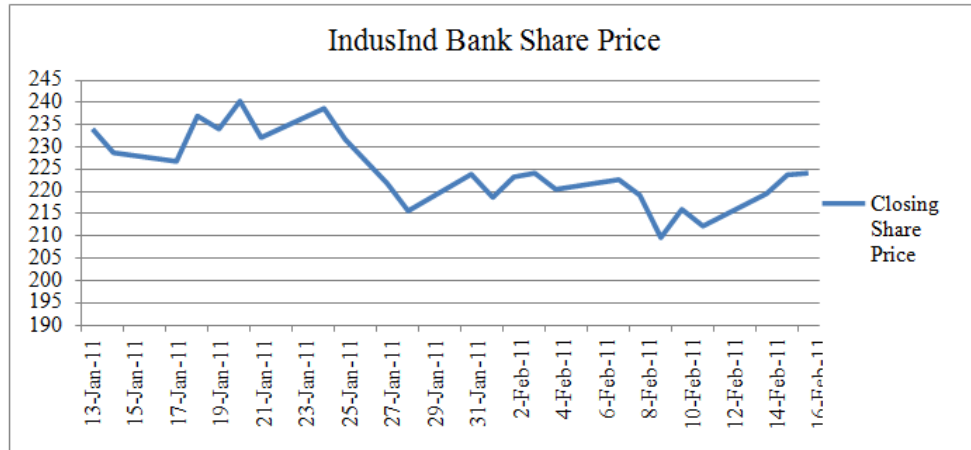


Figure 4.16: Share Prices of IndusInd Bank during February, 2011

Table 4.31

Paired Samples Statistics of IndusInd Share Prices

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 IndusInd-Before t	230.3750	12	7.32193	2.11366
IndusInd-After t	219.4708	12	4.76705	1.37613

Source: Author’s Compilation

Table 4.32

Paired Samples t Test of the Share Prices of IndusInd Bank

	Mean	Paired Differences		95% Confidence Interval of the Difference	t	df	Sig. (2-tailed)
		Std. Deviation	Std. Error Mean				
		Lower	Upper				
Pair 1 IndusInd-Before t	10.9041	10.27272	2.96548	4.37719	17.43114	3.67	.004
IndusInd-After t	7				7		

Source: Author’s Compilation

The mean difference of 10.90 signifies a fall in the prices of the shares of IndusInd after the reappointment of the CEO. Though, the immediate market response was recorded by an increase in share prices by 3.5%. Though, the mean difference shows a fall in the share prices of the company, the immediate response of the market shows that the announcement impacted the share prices positively.

4.3.7 YES Bank

On 20th September, 2018 the board of directors of Yes Bank appointed Ajai Kumar as the interim Managing Director and CEO. The RBI asked the former CEO, Mr. Rana Kapoor to step down from his position citing regulatory and corporate governance issues. In June 2018 the shareholders of the bank had reappointed Mr. Rana as the CEO subject to the approval from RBI. On 30th August, the bank received a notice from RBI stating that Kapoor could continue until further notice. On September 17th, RBI confirmed that Mr. Rana could hold his office until Jan, 19. Post this, Mr. Ajai Kumar was appointed as the interim CEO and Managing Director for the bank. (Economic Times, 2018)

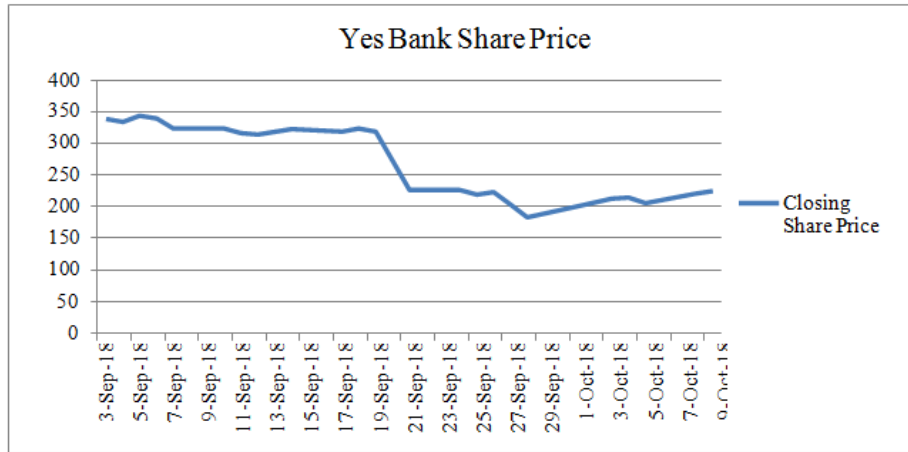


Figure 4.17: Share Prices of YES Bank during September, 2018

Table 4.33

Paired Samples Statistics of Yes Bank Share Prices

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 Yes-Before t	326.541667	12	9.8885111	2.8545673
Yes-After t	213.6417	12	13.06437	3.77136

Source: Author’s Compilation

Table 4.34

Paired Samples t Test of the Share Prices of Yes Bank

	Mean	Std. Deviation	Paired Differences		t	df	Sig. (2-tailed)	
			Std. Error Mean	95% Confidence Interval of the Difference				
			Mean	Lower	Upper			
Pair 1 Yes-Before t	112.90000	11.888497	3.4319135	105.34640	120.45359	32.897	11	.000
- Yes-After t	00	1		93	07			

Source: Author’s Compilation

The mean difference of 112.90 suggests a drastic impact of the change in KMP on the share prices of the company. The failure of getting approval from RBI, to let Mr. Rana Kapoor hold office majorly impacted the investor sentiment and as a result the share price of the company fell nearly by 20% the day following the public announcement of the news.

4.3.8 RBL Bank

On 5th August, 2018 the board of directors of RBL Bank, reappointed Mr. Vishwavar Ahuja as the Managing Director and CEO of the bank. Mr. Ahuja has been a veteran in the banking industry with experience of over 35 years. He has been a crucial part of the success of the bank. He joined the bank in 2010 when it was in its growing stage and laid the foundation of its growth and expansion. (RBL AGM Minutes, 2018)

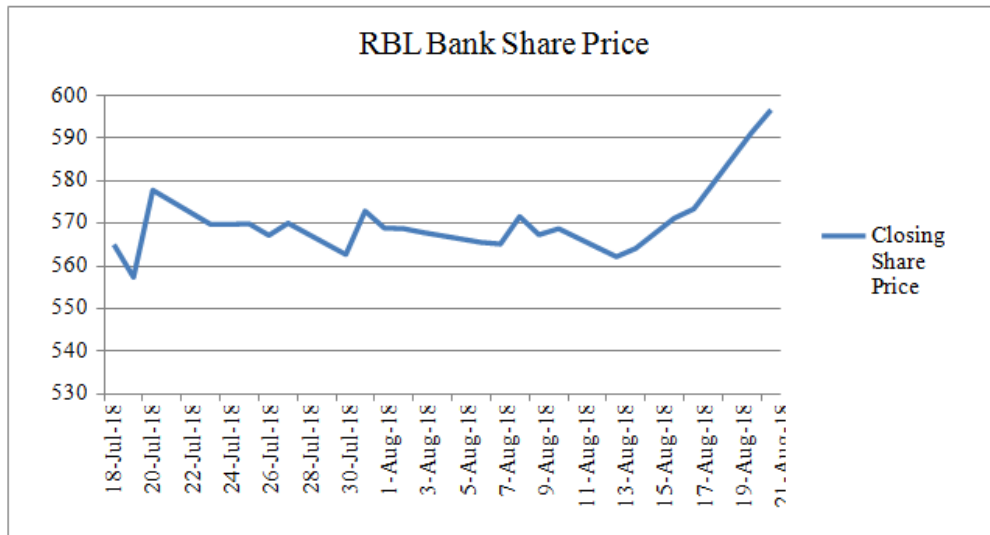


Figure 4.18: Share Prices of RBL Bank during August, 2018

Table 3.35

Paired Samples Statistics of RBL Bank's Share Prices

	Mean	N	Std. Deviation	Std. Error Mean
RBL-Before	568.362500	12	5.0754366	1.4651523
RBL-After t	572.091667	12	10.7716976	3.1095213

Source: Author's Compilation

Table 4.36

Paired Samples t Test of the Share Prices of RBL Bank

	Mean	Paired Differences			t	df	Sig. (2-tailed)
		Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference			
				Lower	Upper		
RBL-Before	-	11.630298	-	-	-	-	-
t - RBL-After t	3.729166	6	3.3573780	11.118705	3.6603725	1.111	11
	7			8			

Source: Author's Compilation

There mean difference of -3.7 signify an increase in the share prices of the company after the reappointment of the CEO. The immediate market response was recorded by a fall in share prices by 0.35%. Though, the immediate market response recorded a fall in the share prices, the share prices started increasing 2 days after the new was made public and hence there was a positive impact leading to an increase in the share prices of the bank.

4.3.9 Federal Bank

On 23rd September 2010, Mr. Shyam Srinivasan took over as the CEO of the kerala based bank, after the retirement of Mr. M Venugolapan, on Jul 31st 2010. Mr. Shyam has been working in the banking industry for over 20 years and has great knowledge about the functioning of the retail lending and SME Banking. (Business Standard, 2010)

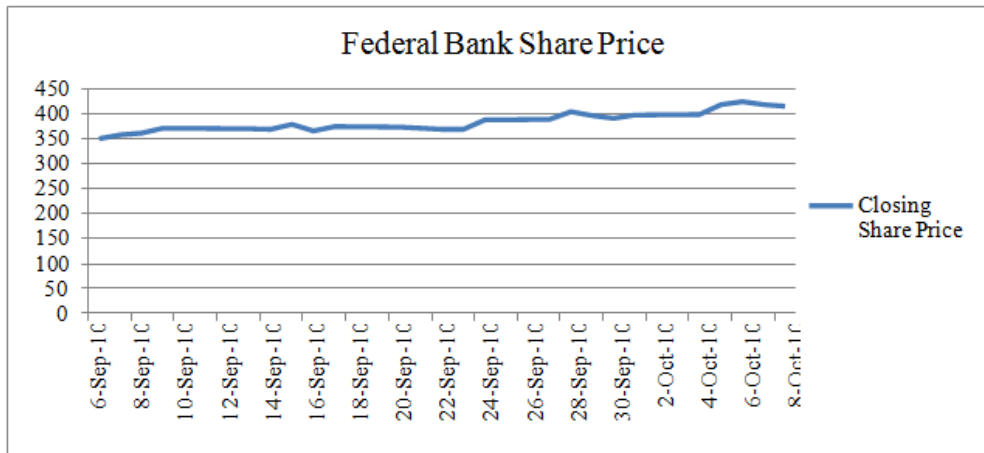


Figure 4.19: Share Prices of Federal Bank during September, 2010

Table 4.37

Paired Samples Statistics of Federal Bank's Share Prices

	Mean	N	Std. Deviation	Std. Error Mean
Federal-Before	368.4458	12	7.93979	2.29202
Federal-After	401.8375	12	16.24271	4.68887

Source: Author's Compilation

Table 4.38

Paired Samples t Test of the Share Prices of Federal Bank

	Mean	Std. Deviation	Paired Differences		t	df	Sig. (2-tailed)	
			Std. Error Mean	95% Confidence Interval of the Difference				
			Mean	Lower	Upper			
Pair 1	-33.39167	11.50626	3.32157	-40.70240	-26.08094	-10.053	11	.000

Source: Author's Compilation

There mean difference of -33.39 signify an increase in the share prices of the company after the appointment of the new CEO. The immediate market response was recorded by an increase in share prices by 11.35%. The appointment of the new CEO was predicted by the market, due to the issues revolving around the compensation issues and approval from RBI.

4.3.10 Bank of Baroda

On 13th October 2015, Mr. P. S. Jayakumar took over as the CEO of Bank of Baroda, after the retirement of the former CEO. He has been in the banking industry for over a decade, and has been the co-founder of VBHC Pvt Ltd. (Indiafonline, 2015)

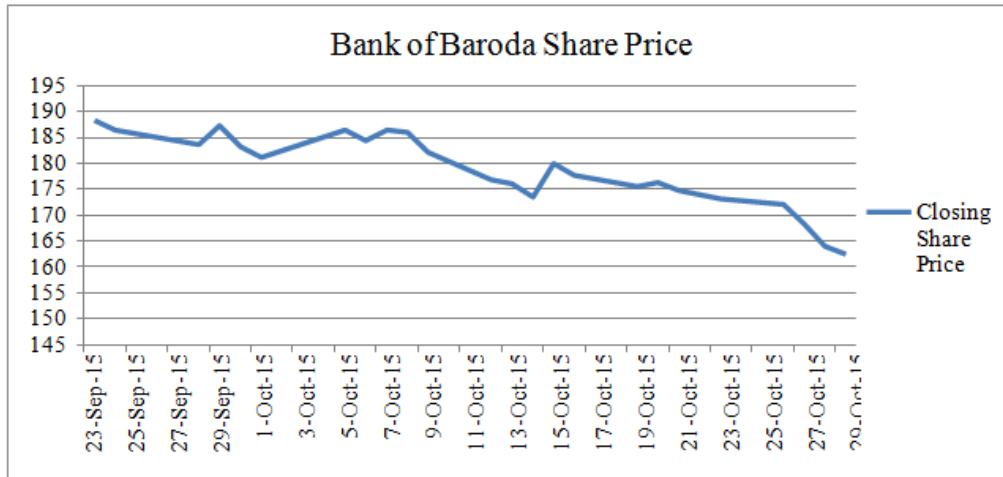


Figure 4.20: Share Prices of Bank of Baroda during October, 2015

Table 4.39

Paired Samples Statistics of Bank of Baroda's Share Prices

	Mean	N	Std. Deviation	Std. Error Mean
Baroda-Before	184.3042	12	3.20500	.92520
Baroda-After t	172.804167	12	5.3305065	1.5387847

Source: Author's Compilation

Table 4.40

Paired Samples t Test of the Share Prices of Bank of Baroda

	Mean	Paired Differences		t	df	Sig. (2-tailed)
		Std. Deviation	Std. Error Mean			
				Lower	Upper	
Baroda- Pair Before t -	11.500000			14.357847	8.85	
1 Baroda- After t	0	4.4979288	1.2984402	8.6421524	6	7 11 .000

Source: Author's Compilation

The mean difference of 11.50 signifies a fall in the prices of the shares of Bank of Baroda after the appointment of the CEO. The immediate market response was recorded by a fall in share prices by 2.7%. The appointment was the new CEO impacted the share prices of the Bank negatively.

4.3.11 IDFC First Bank

In December 2019, the NBFC Capital First merged with IDFC to form this new entity IDFC First Bank. Thus post merger, the entity appointed Mr. V Vaidyanathan as their MD and CEO. This appointment was a result of merger, and hence stands outside the purview of the study.

4.3.12 Punjab National Bank

On 5th May 2018, Mr. Sunil Mehta was appointed as the new CEO and Managing Director of the Bank. The Government of India notified the public about this change in the KMP of the bank. Mr. Sunil Mehta succeeded Ms. Usha Ananthasubramanian at this post. (Economic Times, 2018)

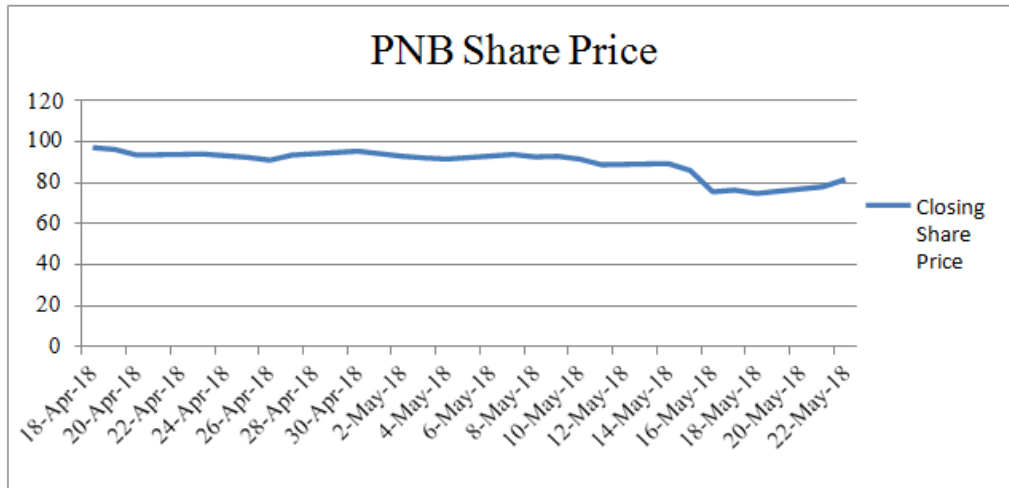


Figure 4.21: Share Prices of PNB during May, 2018

Table 4.41

Paired Samples Statistics of PNB Share Prices

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	PNB_Before t	93.550000	12	1.8647447	.5383054
	PNB_After t	85.116667	12	7.3851304	2.1319035

Source: Author’s Compilation

Table 4.42

Paired Samples t Test of the Share Prices of PNB

	Mean	Std. Deviation	Paired Differences		t	df	Sig. (2-tailed)			
			Std. Error Mean	95% Confidence Interval of the Difference						
				Lower				Upper		
Pair 1	PNB Before t	8.433333	6.9131079	1.9956423	4.0409541	12.825112	4.22	6	11	.001
	PNB After t									

Source: Author’s Compilation

The mean difference of 8.43 signifies a fall in the prices of the shares of Bank of Baroda after the appointment of the CEO. The immediate market response was recorded by a fall in share prices by 0.7%. The appointment of the new CEO impacted the share prices of the Bank negatively.

4.4 Pharmaceutical Sector

4.4.1 Sun Pharma

In the 26th Annual General Meeting of the company, on 26th September 2018, Mr Dilip Shanghvi, was reappointed as the CEO of Sun Pharma as he was eligible for the same. Being the founder of Sun Pharma, Mr. Dilip holds extensive industrial experience in the Pharmaceutical Industry. Being awarded the civilian honour of the Padma Shri in 2016, he has been one of the most crucial people for the company’s success. (Notice of 26th AGM of Sun Pharma Ltd, 2018)

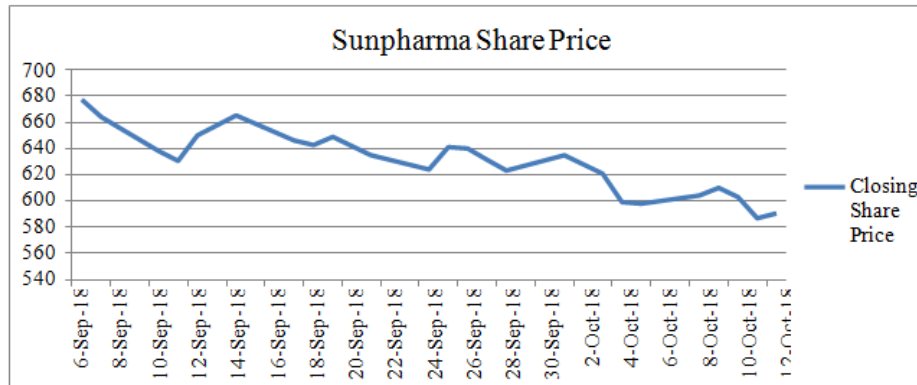


Figure 4.22: Share Prices of Sunpharma during September, 2018

Table 4.43

Paired Samples Statistics of Sunpharma Share Prices

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 Sunpharma_Before t	646.895833	12	15.5334164	4.4841111
Sunpharma_After t	611.762500	12	17.7760452	5.1315022

Source: Author's Compilation

Table 4.44

Paired Samples t Test of the Share Prices of Sunpharma

	Mean	Std. Deviation	Paired Differences		t	df	Sig. (2-tailed)	
			Std. Error Mean	95% Confidence Interval of the Difference				
			Mean	Lower	Upper			
Pair 1 Sunpharma_Before t	35.133333	17.662136	5.0986196	23.911347	46.355319	6.89	11	.000
Sunpharma_After t								

Source: Author's Compilation

The mean difference of 35.13 implies a fall in the share prices of the company after the reappointment of the CEO. The immediate market response was recorded by a fall in share prices by 1.3%. The reappointment was the CEO impacted the share prices of the company negatively.

4.4.2 Dr Reddy's

On 29th March, Dr. Reddy's laboratories appointed Mr. Erez Israeli, former President & CEO of Enzymotec, as new Chief Operating Officer (COO) and Global Head of Generics & PSAI. Mr. Erez has had a career spanning over 25 years and has held various leadership positions. His positions of responsibility included VP, Head of Marketing and Sales, President and Head of Global Quality. He has proven to be an accomplished leader with a commendable track record and is believed to lead the company to higher growth. (Business Line, 2018)

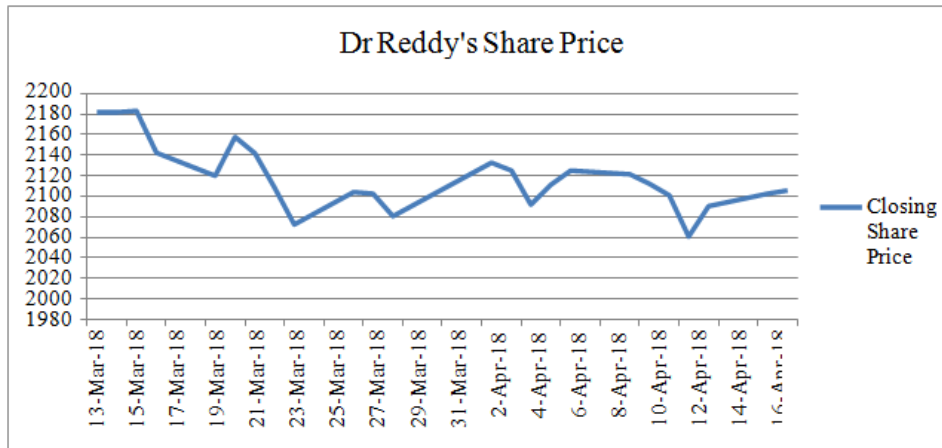


Figure 4.23: Share Prices of Dr Reddys during March, 2018

Table 4.45

Paired Samples Statistics of Dr Reddest Share Price

	Mean	N	Std. Deviation	Std. Error Mean
DrReddy_Befo	2131.17916	12	39.1621017	11.3051250
ret	7			
DrReddy_Afte	2106.40000	12	19.6968618	5.6859942
rt	0			

Source: Author's Compilation

Table 4.46

Paired Samples t Test of the Share Prices of Dr Reddy

	Mean	Std. Deviation	Paired Differences		t	df	Sig. (2-tailed)
			Std. Error Mean	95% Confidence Interval of the Difference			
			Mean	Lower			
DrReddy_B							
Pair 1 efore t -	24.779166	31.316532	9.0403042	4.8815912	2.74	11	.019
DrReddy_A	7	5			1	1	
fter t							

Source: Author's Compilation

The mean difference of 24.77 implies a fall in the share prices of the company after the appointment of the COO. The immediate market response was recorded by an increase in share prices by 0.95%. Though, the immediate response of the market was positive, the share prices of the company, fell in the following days of announcement. The appointment was the COO impacted the share prices of the company negatively.

4.4.3 Cipla

Effective 1st September 2016, Cipla Ltd, appointed Mr. Umang Vohra as the Managing director and Global CEO. Mr. Vohra joined the company in October 2015 and held the responsibilities of Global Chief Finance and Strategy Officer. It is believed that he was instrumental in helping to grow the company's business to a record high. Before appointing him as the Global CEO, he was first promoted as the Chief Operating Officer in the early months of 2018. (Business Line, 2018)

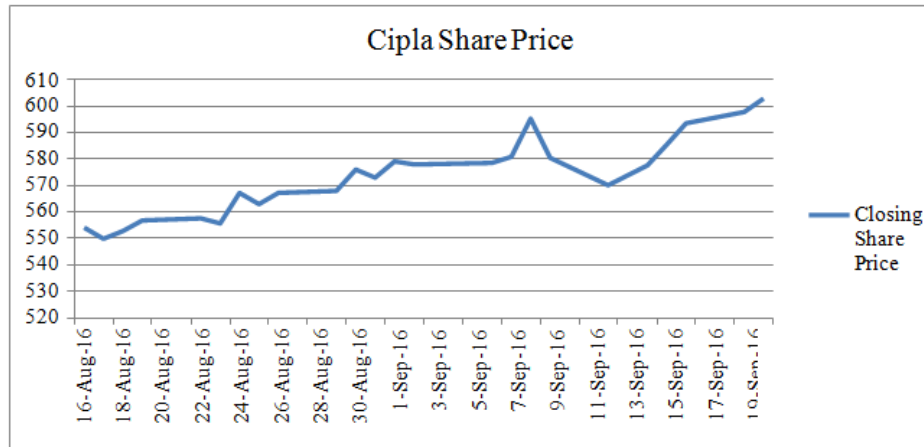


Figure 4.24: Share Prices of Cipla during September, 2016

Table 4.47

Paired Samples Statistics of Cipla Share Prices

	Mean	N	Std. Deviation	Std. Error Mean
Cipla_Before	561.758333	12	8.4896416	2.4507484
Cipla_After	584.941667	12	10.0007462	2.8869668

Source: Author's Compilation

Table 4.48

Paired Samples t Test of the Share Prices of Cipla

	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
				Lower	Upper			
				Paired Differences				
Cipla_Before - Cipla_After	-23.183333	8.5717913	2.4744630	28.629589	17.737077	-9.369	11	.000

Source: Author's Compilation

There mean difference of -23.18 signify an increase in the share prices of the company after the appointment of the CEO. The immediate market response was recorded by an increase in share prices by 1.7%. Though, Mr. Umang Vohra was appointed as the CEO for the first time, his leadership had been instrumental in the success of the company in the former years of business.

4.4.4 Aurobindo Pharma

N Govindarajan was reappointed as the CEO of Aurobindo Pharma by the shareholder of the company in their Annual General Meeting of 2015, for an extended tenure of five years. He joined the company in 2010 as the CEO of API and CARMS division, and has been instrumental in its growth ever since. The Hyderabad-based pharma major, sent the notice of this change in KMP to the stock exchange on 30th June 2015. (Business Line, 2015)

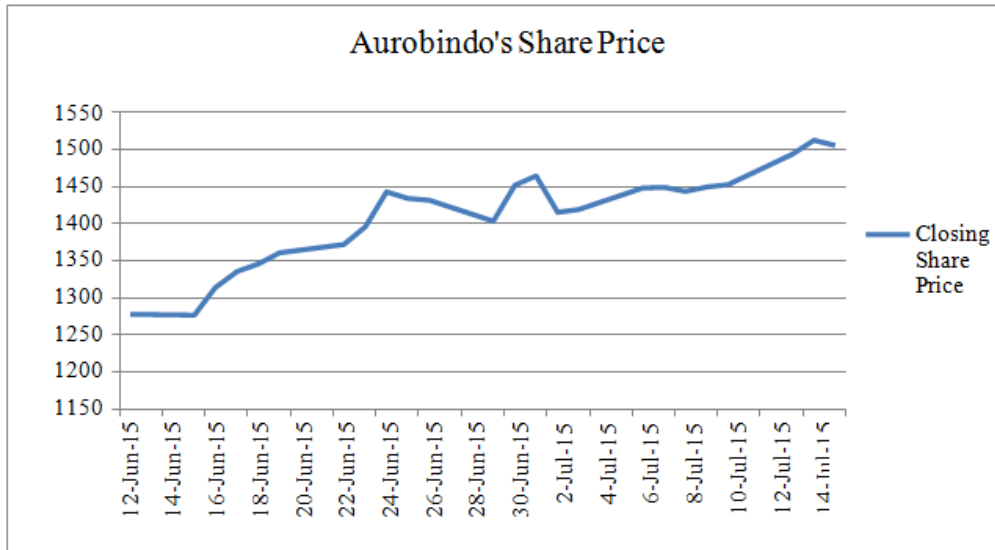


Figure 4.25: Share Prices of Aurobindo during June, 2015

Table 4.49

Paired Samples Statistics of Aurobindo Share Prices

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 Auorphama_Before t	1365.9583	12	57.94684	16.72781
Auorphama_After t	1458.9708	12	30.87469	8.91276

Source: Author's Compilation

Table 4.50

Paired Samples t Test of the Share Prices of Aurobindo

	Mean	Paired Differences			t	df	Sig. (2-tailed)	
		Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower				Upper
Pair 1 Auorphama_Before t - Auorphama_After t	-93.01250	48.58216	14.02446	-6.632	11	.000		

Source: Author's Compilation

The mean difference of -93.01 signifies an increase in the share prices of the company after the reappointment of the CEO. The immediate market response was recorded by an increase in share prices by 1.07%. The reappointment of the CEO, impacted the share prices of the company positively.

4.4.5 Lupin Ltd

In September 2013, Vinita D. Gupta was appointed as the Chief Executive Officer Of Lupin pharmaceutical Inc. Nilesh Gupta, the managing director of Lupin and Vinita Gupta were tasked by the objective of achieving revenues of \$5 Billion by 2018. At this time the Indian Pharma industry was dealing with multiple challenges in terms of high price control on medicines and stringent regulations from markets like US. (Business Line, 2018)

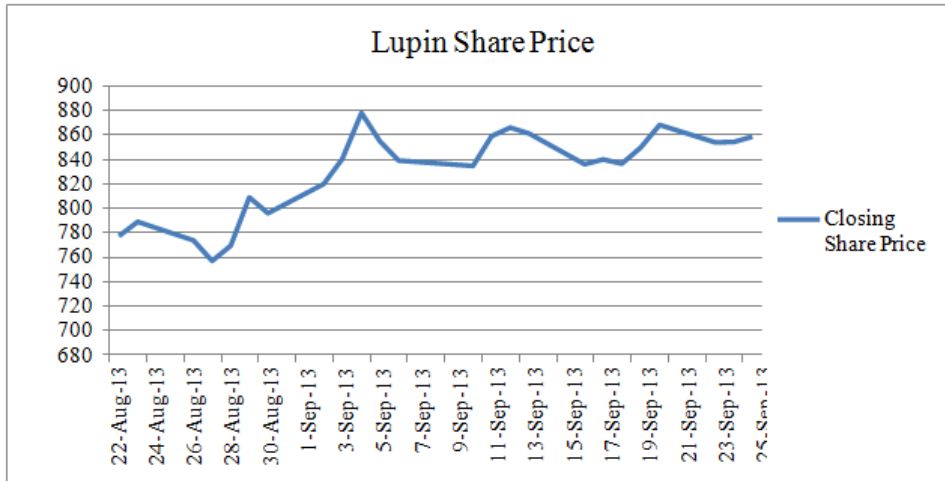


Figure 4.26: Share Prices of Lupin during September, 2013

Table 4.51

Paired Samples Statistics of Lupin Share Prices

	Mean	N	Std. Deviation	Std. Error Mean
Lupin_Before	808.6458	12	38.08283	10.99356
Lupin After	851.5792	12	12.07510	3.48578

Source: Author's Compilation

Table 4.52

Paired Samples t Test of the Share Prices of Lupin

	Mean	Std. Deviation	Paired Differences		t	df	Sig. (2-tailed)	
			Std. Error Mean	95% Confidence Interval of the Difference				
			Mean	Lower	Upper			
Pair 1								
Lupin_Before	808.6458	38.08283						
Lupin_After	851.5792	12.07510	-42.93333	-66.55213	-19.31453	4.001	11	.002

Source: Author's Compilation

There mean difference of -42.93 signify an increase in the share prices of the company after the appointment of the CEO. The immediate market response was recorded by an increase in share prices by 3.57%.

4.4.6 Divi's Lab

Mr. Murli K Divi was reappointed as the CEO and also elevated to the post of Chairman of Divi's Lab, by the shareholder and the board of directors. He is also the founder of the company and has an experience in the pharma industry for over 15 years. The company issued the notice making the announcement on 7th March 2014.

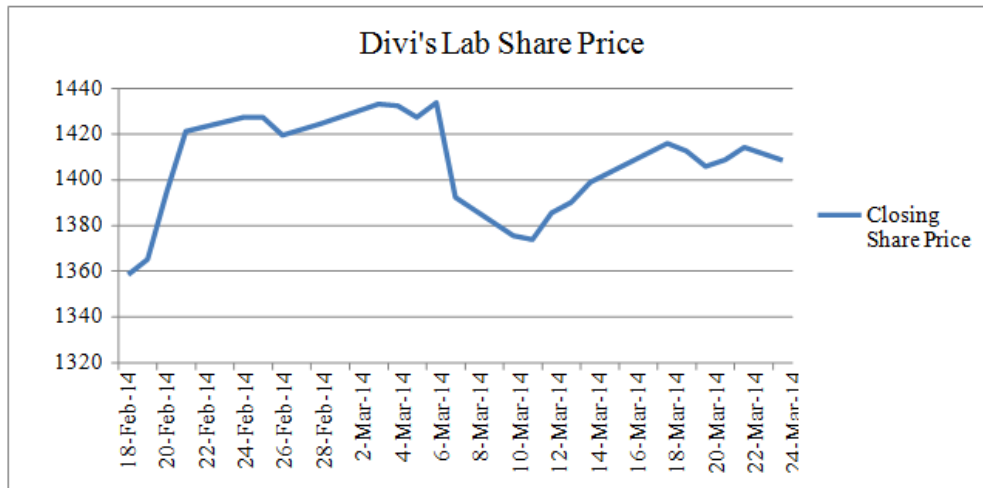


Figure 4.27: Share Prices of Divi's Lab during March, 2014

Table 4.53

Paired Samples Statistics of Divi's Lab Share Prices

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 Divi'sLab_Before t	1413.7875	12	26.34533	7.60524
Divi'sLab_After t	1398.5750	12	14.83365	4.28210

Source: Author's Compilation

Table 4.54

Paired Samples t Test of the Share Prices of Divi's Lab

	Mean	Std. Deviation	Paired Differences		t	df	Sig. (2-tailed)	
			Std. Error Mean	95% Confidence Interval of the Difference				
				Lower				Upper
Pair 1 Divi'sLab_Before t - Divi'sLab_After t	15.21250	20.46016	5.90634	2.21273	28.21227	2.576	11	.026

Source: Author's Compilation

The mean difference of 15.21 implies a fall in the share prices of the company after the reappointment of the CEO. The immediate market response was recorded by a fall in share prices by 1.3%. The reappointment was the CEO impacted the share prices of the company negatively.

4.4.7 Piramal Enterprise Ltd

On 7th September 2017 Mr. Vivek Sharma was appointed as the CEO of Piramal Enterprises Ltd. Under his leadership, the company has grown as a 'partner of choice' for not only pharma firms, but also biotech firms, He is focused on reliability, quality and customer centricity. Along with this, he was also recognised as "CEO of the Year" in 2016. He joined the Piramal Group in 2011 and has since led the business to rapid growth and profitability. (Business Today 2018)

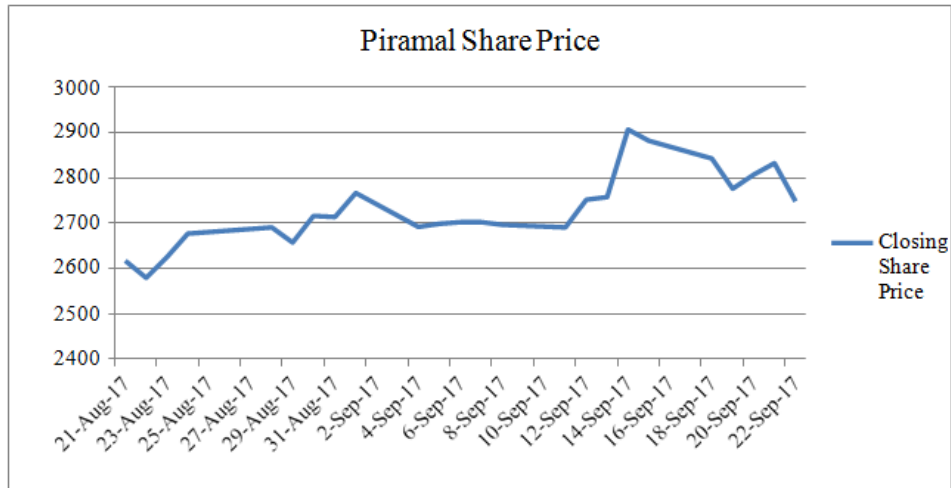


Figure 4.28: Share Prices of PEL during September, 2017

Table 4.55

Paired Samples Statistics of PEL's Share Prices

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 Piramal_Befor et	2677.9792	12	51.13426	14.76119
Piramal_After t	2782.9000	12	72.03140	20.79367

Source: Author's Compilation

Table 4.56

Paired Samples t Test of the Share Prices of PEL

	Mean	Paired Differences			t	df	Sig. (2-tailed)	
		Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 Piramal_Befor et - Piramal_After t	104.9208	62.71309	18.10371	-65.07484	144.76683	5.796	11	.000

Source: Author's Compilation

There mean difference of -104.92 implies an increase in the share prices of the company after the appointment of the CEO. Though, the immediate market response was recorded by a fall in share prices by 0.7%, the share prices of the company rose extensively in the following days.

4.4.8 Biocon

On 24th April 2014, Dr. Arun Chandavarkar was appointed as the Chief Executive Officer (CEO) & Joint Managing Director of Biocon. He has been with the company since 1990 and has played a crucial role in the success of the company over the past several years. Under his leadership, the company has developed a high expertise in different technologies, cell culture, purification and other portfolio of products. (Biocon, 2019)

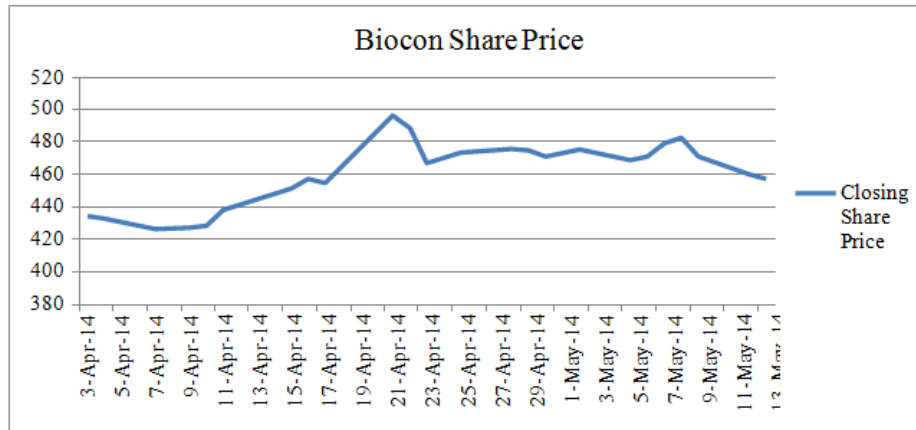


Figure 4.29: Share Prices of Biocon during April, 2014

Table 4.57

Paired Samples Statistics of Biocon Share Price

	Mean	N	Std. Deviation	Std. Error Mean
Biocon_Before	450.2667	12	23.77083	6.86205
Biocon_After	471.7583	12	7.19504	2.07703

Source: Author's Compilation

Table 4.58

Paired Samples t Test of the Share Prices of Biocon

Pair	Biocon	Mean	Std. Deviation	Paired Differences		t	df	Sig. (2-tailed)	
				Std. Error Mean	95% Confidence Interval of the Difference				
				Mean	Lower	Upper			
1	Biocon_At	21.49167	27.69421	7.99463	-39.08773	-3.89561	2.688	11	.021

Source: Author's Compilation

There mean difference of -27.69 signify an increase in the share prices of the company after the appointment of the CEO. The immediate market response was recorded by an increase in share prices by 2.17%.

4.4.9 Glenmark

Mr. Glenn Saldanha was appointed as the CEO by the shareholders and the board of directors on 12th Jan 2012. He has won many accolades and awards including the best CEO award in Pharma and Healthcare companies. He has been crucial in the success of the Glenmark over the decades. (Business Line, 2012)

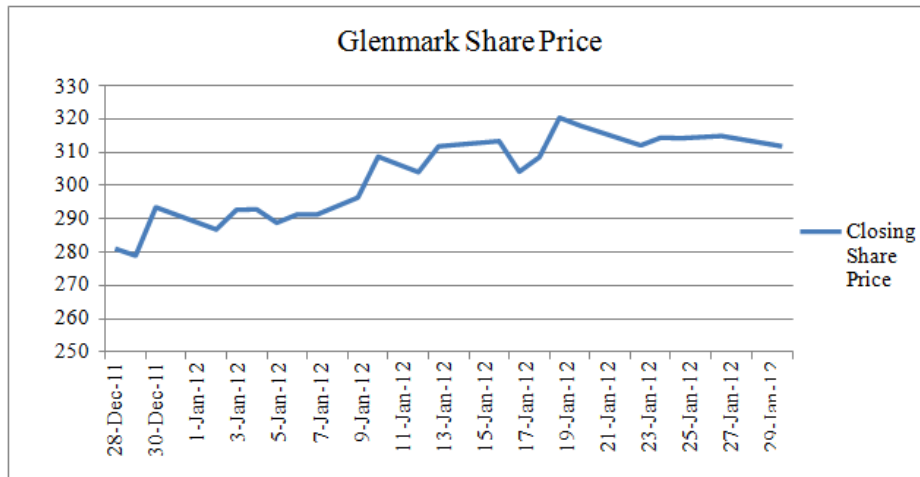


Figure 4.23: Share Prices of Glenmark during January, 2012

Table 4.59

Paired Samples Statistics of Glenmark's Share Price

	Mean	N	Std. Deviation	Std. Error Mean
Glenmark_Before t	292.412500	12	8.7009698	2.5117536
Glenmark_After t	312.333333	12	4.8778411	1.4081114

Source: Author's Compilation

Table 4.60

Paired Samples t Test of the Share Prices of Glenmark

	Mean	Std. Deviation	Std. Error Mean	Paired Differences		t	df	Sig. (2-tailed)
				95% Confidence Interval of the Difference				
				Lower	Upper			
Glenmark_Before t - Glenmark_After t	-19.920833	8.3002042	2.3960626	25.194531	14.647135	-8.314	11	.000

Source: Author's Compilation

There mean difference of -19.92 signify an increase in the share prices of the company after the appointment of the CEO. The immediate market response was recorded by an increase in share prices by 2.33%.

4.4.10 Cadila Healthcare

Effective 13th July 2017, the board of directors with the approval of shareholder reappointed Mr. Pankaj Patel as the CEO and the Managing Director of the company. He had joined the board of directors as the CEO in 1995, and has been instrumental in the company's success ever since. (Economic Times, 2017)

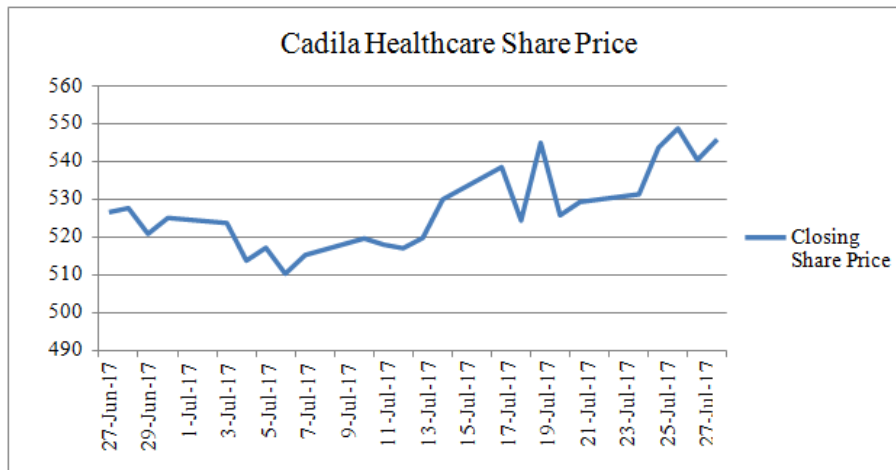


Figure 4.31: Share Prices of Cadila during July, 2017

Table 4.61

Paired Samples Statistics of Cadila's Share Prices

	Mean	N	Std. Deviation	Std. Error Mean
Cadila_Before	519.637500	12	5.3598730	1.5472621
Cadila_After t	535.237500	12	9.6176477	2.7763758

Source: Author's Compilation

Table 4.62

Paired Samples t Test of the Share Prices of Cadila Healthcare

	Mean	Paired Differences		95% Confidence Interval of the Difference	t	df	Sig. (2-tailed)
		Std. Deviation	Std. Error Mean				
Cadila_Befo	-	-	-	-	-	-	-
Pair 1 re t - Cadila_Afte rt	15.600000	12.044387	3.4769152	23.252638	4.487	11	.001

Source: Author's Compilation

There mean difference of -15.60 signify an increase in the share prices of the company after the appointment of the CEO. The immediate market response was recorded by an increase in share prices by 1.92%. The reappointment of the CEO impacted the share prices positively.

V. Suggestion, Recommendation And Conclusion

5.1 Summary of Findings

Table 5.1
Summary of Findings of IT Sector

Company	Reason for Change in KMP	Mean Difference (t test)	Immediate % change in Share Price
Infosys	Resignation	75.45	- 7
TCS	Promotion	29.27	- 4
HCL Technologies	Resignation	26.15	- 2.5
Wipro	Promotion	8.69	- 0.5
Tech Mahindra Ltd	Promotion	-38.34	- 9
Mindtree	Promotion	4.88	- 4.5
OFSS	Retirement	44.75	- 6.7
NIIT Technologies	Promotion	-37.50	- 1.9
TataElxsi	Reappointment	84.85	+ 4
Infibeam	Resignation	3.65	- 4

Source: Author's Compilation

- From the above calculations, we can reject the null hypothesis and accept the alternate hypothesis, that change in KMP does affect the share prices of the companies in Information Technology sector.
- Reason for change in the key managerial personnel can determine the extent of act the change has on the share prices.
- For instance, it can be observed that resignation of a key personnel leads to a decline in the share prices of the company, infecting the prices up to 7%. The share price of such companies remain affected by such news up to 7-10 days and then start to deviate back to the normal mean.
- In case of promotion of the former KMP, and appointing new KMP, the share prices of a company decline in the short run, as for 4-5 days, affecting the prices by 2%-4% negatively. But in the longer run, after day 6 or 7 of announcement, the share prices tend to increase. The rate of this increase in share prices is hard to predict.
- While in case of reappointment of the KMP, the share price tend to shoot up in the initial days following the announcement, but after 4-6 days of announcement, the price of the share is majorly affected by other factors.

Table 5.2
Summary of Findings of Banking Sector

Company	Reason for Change in KMP	Mean Difference (t test)	Immediate % change in Share Price
HDFC Bank	Reappointment	- 11.04	+ 3.15
ICICI Bank	Resignation	0.78	+ 3
Kotak Bank	Reappointment	-88.66	+ 4
Axis Bank	Retirement	23.93	- 3.07
SBI	Promotion	11.28	- 0.5
IndusInd Bank	Reappointment	10.90	+ 3.5
Yes Bank	Resignation	112.90	- 20
RBL Bank	Reappointment	- 3.72	+ 0.35
Federal Bank	Reappointment	- 33.3	+ 11.35
Bank of Baroda	Retirement	11.50	- 2.7
PNB	Retirement	8.43	- 0.7

Source: Author's Compilation

- From the above calculations, we can reject the null hypothesis and accept the alternate hypothesis, that changes in KMP do affect the share prices of the companies in the Banking Sector.
- Reason for change in the key managerial personnel can determine the extent of act the change has on the share prices.
- For instance, it can be observed that retirement of a key personnel leads to a decline in the share prices of the company, infecting the prices up to 3-4%. The share prices of such companies remain are affected by the announcement for some time, as noted by the positive mean difference between the share prices of the company: before and after announcement.
- In case of reappointment of the former KMP, the share prices of a company tend to increase in the short run, as for 4-5 days, affecting the prices up to 4% positively.
- While in case of resignation due to involvement in some scam, the share prices can be affected to an extend of 20% following the day of public announcement. The share prices of such companies take time to hit the support level in the market.

Table 5.3
Summary of Findings of Pharmaceutical Sector

Company	Reason for Change in KMP	Mean Difference (t test)	Immediate % change in Share Price
Sunpharma	Reappointment	35.13	- 1.3
Dr Reddy's	Resignation	24.77	+ 0.95
Cipla	Promotion	- 23.18	+ 1.7
Aurobindo	Reappointment	- 93.01	- 1.07
Lupin Ltd	Promotion	- 42.93	+ 3.57
Divi's Lab	Reappointment	15.21	- 1.3
PEL	Promotion	- 104.92	- 0.7
Biocon	Promotion	- 21.49	+ 2.17
Glenmark	Promotion	- 19.92	- 2.33
Cadila Healthcare	Reappointment	- 15.60	+ 1.92

- From the above calculations, we can reject the null hypothesis and accept the alternate hypothesis, that changes in KMP do affect the share prices of the companies in the Banking Sector.
- Reason for change in the key managerial personnel can determine the extent of act the change has on the share prices.
- For instance, it can be observed that reappointment of a key personnel leads to a decline in the share prices of the company, infecting the prices up to 3-4% during the 15 day period following the announcement.
- In case of promotion of the former KMP, the share prices of a company tend to increase in the short run, as for 4-5 days, affecting the prices up to 4% positively, but in the following days, it is observed that the prices tend to fall, depicted by the negative mean difference.
- While in case of resignation due to involvement in some scam, the share prices are affected negatively and may drop up to 2-3% in the post 15 day period of the announcement.

5.2 Suggestion/Recommendation

- It is recommended, for the investor to trade in intra-day transactions, post the announcement of reappointment of a KMP in the Information Technology Sector.
- Further I would suggest the investor to disinvest in the shares of a company, where the change in KMP is due to an involvement of scan, and the personnel resigns' from his post in the Information Technology Sector.
- It is also recommended to trade in intra-day, following the announcement of reappointment of a CEO in the Banking sector.
- The investor can avoid making losses by disinvesting or selling the shares of a company where the change in a company's management is due to the promotion of a former KMP to an elevated position, in intra-day.
- It is highly recommended to disinvest in the shares of a company, following the announcement of reappointment of a CEO in the Pharmaceutical sector.

- It is recommended that following any change in KMP in the pharmaceutical sector, an investor can buy the shares of such company's post 10-15 day period of announcement, as the share prices are likely to hit the support level in the market, and the share prices increases after that.
- Buying the shares of a company, 15 day post announcement of reappointment of CEO in the pharmaceutical sector can be profitable.

5.3 Conclusion

It can be concluded, that the change in Key Managerial Personnel of a company particularly of those that are a part of the Nifty Sector Indexes have an effect on the share prices of the company. Out of the 32 companies analyzed, it was figured that major reasons for the change in KMP are Resignation, reappointment or promotion of the former KMP and the appointment or promotion of a new KMP. It was also found, that resignation of the former company influences the share prices the most, which is majorly negative. The reappointment of a KMP in the company is found to have a positive impact on the company's share price, in the long run, particularly in the banking industry.

Though, the change in KMP is a very small factor impacting the price of the shares that are traded on stock exchanges, it can be beneficiary for small investors to understand the effect of such change on the movement of share prices and can help them in avoiding losses in the short or the long run. Understanding the basic investor sentiment in the market, is the key in making profits, they have started becoming the base of certain algorithms, in portfolio management companies. Alongside, economic indicators like GDP, Gross domestic savings, change in inventories, exports and imports, Balance of Payments, IIP, CPI, etc as well as financial indicators like IndiaVix, 10 year bond yield, interest rates, etc, efforts are made to understand the fundamental aspects of the company to make better investment plans and take appropriate actions.

Understanding small aspects of fundamental indicators, will form the foundation of another school of thought and so the topic is very vast and the scope of further research is extensive. Indepth research of many companies can help formulate algorithms indicating the movement of the prices of the share, following such changes in the fundamentals of a company.

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