INFLUENCE OF VALUE ADDED MEASURE ON EARNING PER SHARE AND RETURN ON EQUITY – WITH SPECIAL REFERENCE TO NSE

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BY

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2014-15

Dedicated

To

My

Beloved and Respected Parents

DECLARATION

I declare that the thesis entitled titled **" INFLUENCE OF VALUE ADDED MEASURE ON EARNING PER SHARE AND RETURN ON EQUITY – WITH SPECIAL REFERENCE TO NSE"** has been prepared by me under the guidance of, Dr. Afzalur Rahman Assistant Professor of Department of Commerce Lovely Professional University, Phagwara Punjab. No part of this thesis has formed the basis for the award of any degree or fellowship previously.

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This is to certify that Resham Kaur bearing Reg.No 11412315 has prepared his thesis entitled ***Influence of Value Added Measure on Earning per Share and Return on Equity - with Special Reference to NSE*** for the award of M.Phil degree of the Lovely Professional University, Punjab**,** under my guidance and supervision. To the best of my knowledge, the present work is the result of his original investigation and study. No part of this thesis has ever been submitted for any other degree at any University. The thesis is fit for submission and the fulfilment of the conditions for the award of degree of Master of Philosophy in Economics.

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ABSTRACT

The study of value added measure (VAM) is paramount in capital markets globally as it determines the value of a company. Investors always tend to know the success of managers in applications of their capital. Value measurement systems are regarded as useful tools to achieve this goal.

The present research deals with the issue of influence of VAM on Earning Per Share (EPS) & Return On Equity (ROE). The present study has been conducted using secondary data source for the period 2005-2014. The objective of the study is to rank the company on the basis of value added measurement and then check the influence of value added measurement on EPS and ROE. The sample includes 40 listed companies of National Stock Exchange (NSE). Correlation and pooled regression technique have been used for examining the research hypothesis.

The study results indicate that there is a significant relationship between VAM (Economic Value Added, Market Value Added, Refine Economic Value Added, Equity Economic Value Added) and accounting measure of ROE & EPS. Pooled regression model shows influence on Earning Per Share and Return on Equity with Economic Value Added, Market Value Added and Equity Economic Value Added. However the overall result shows the better correlation between of Return on Equity and Earning Per Share with Equity Economic Value Added.

Keywords: Refined economic value added, Market value added, Economic value added, Equity economic value added, Earning per share, Return on equity

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LIST OF ABBREVIATIONS

1. REVA: Refined Economic Value Added
2. EVA: Economic Value Added
3. MVA: Market Value Added
4. E-EVA: Equity Economic Value Added
5. ROE: Return On Equity
6. EPS: Earning Per Share.

CHAPTER-1

1.1 INTRODUCTION OF STOCK MARKET

India has the oldest Stock Market in Asia. Total numbers of stock markets are 23 and the total numbers of companies listed in these stock exchanges are 7400. The total stock market capitalization is Rs. 100 trillion as on 18 November 2014. Out of these 23 stock markets, two stock markets lead the Indian Stock Markets.

They are Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The daily turnover of these two stock exchanges is around 20,000 crore. It provides the platform through which the investors can sale and purchase securities and debts of the companies listed in these stock exchanges. The daily equity turnovers of these stocks are 2.5 lack crore. The participants, professional and nonprofessional are the part of stock market. They impart the facilities like productive environment for buying and selling securities, issue new securities, provide short or long term investment to investors in order to gain the maximise profit. The security market has creates various rules for company, corporate level, trade, contention regulation and priorities determination for investors. These rules are followed to all investors or shareholders. The stock market provides so many functions like providing trading floors, encourage education, instruction of intermediaries of securities market etc. There are two types of securities market one is primary market other is secondary markets. There are both part of stock market. Primary market means which deals with the issue of new securities. There are various companies or governments can obtain funding through the sale of a new stock or bond issue. The investors can directly issued securities by company through primary market. The companies used Primary issues for various purpose such as setting up new business or for develop or improve the existing business. The various method are used issuing securities in the primary market such as initial public offering, Right issue, Preferential issue. Secondary markets are also known as the aftermarket. Is the financial market where previously issued securities and financial instruments such as stock, bonds, options, and futures are bought and sold. The secondary market for a variety of assets can vary from loans to stocks, from explode to concentrate and vary from illiquid to liquid. In the stock market, value based management is a also important part for the stock market because it measure the various value added factors which factors measure the company performance which these company related to stock market .The Value Based Management (VBM

process is designed to improve concern value in both the public and private. It collaborate business operation with the vision, mission and increase values of the company. It does not help only measure or evaluation but it also provide information from discernment on past performance and recognize itself with management systems that base decision making process on the formation of value. There are many number of value based measurement in the stock market such as:-Economic value added, Market value added, Adjusted economic value added, Refined economic value added. The economic value added is help to wealth formation in the business. It is a current and modern measurement technique to know the efficiency of the companies and to help how maximizing the value of shareholders wealth. Economic value added enhances and measure the company performance. The shareholders can decide that company is generated their economic value. There are many element to determine the Economic value added such as:-EVA Net Operating Profit after Tax (NOPAT), Invested Capital, and the Weighted Average Cost of Capital (WACC) operating profit after taxes (NOPAT).The market value added means the divergent of equity market which analysis of the listed company. Market value is a technique to determining how much capital or money investors have investment in the company. In other words market value added is sum of all capital declare the company plus the market value of debt and equity. if market value is negative means the value of management's actions and investment are less than the value of capital. That capital which subscribe to the company by the market value which means that wealth and value had demolish. The calculate market value added on stock ,number of common share outstanding multiply share price in market plus number of preferred share outstanding multiply share price subtract book value of invested capital. The market value added is difficult to calculate but there are more technique which technique help to solve that problem and it help to evaluate the market value on stock. These techniques are present value cash flow, fair market value of net assets, earning per share etc. Refined economic value added helped to calculation net operating income after taxes and the amount of capital invested, it required rate of return on capital because that rate examine the company performance. Adjusted economic value added that use current value of assets other of book value. It helps to measure the company performance. The main aim of this research to examine the relationship between value added with financial performance of companies listed on nifty stock during the period 2003-2014 through using the

value added such as Economic Value Added (EVA), Market Value Added (MVA), Refined Economic Value Added (REVA), Equity Economic Value Added (AEVA).

1.2 ECONOMIC VALUE ADDED: The purpose of calculation of Economic value added is to check the financial performance of the company in comparison to the rate of returns or cost of capital. Therefore if the return to more than the cost of capital then there is to increase in the economic value of the company and it can be measured using following formula:- EVA = (NOPAT - Cost of Capital) Where return on capital is net operating profit after tax. EVA could be used to calculate the long term or short term benefits of the company. If Economic Value Added is positive it means there is increase in economic value or if is negative means there is a decrease in the value of the company. EVA is nearly identified with NPV. It is nearest in soul to corporate money hypothesis that contends that the estimation of the firm will increment on the off chance that you take positive NPV ventures. It keeps away from the issues partners with methodologies that emphasis on rate spreads - in the middle of ROE and Cost of Equity and ROC and Cost of Capital. These methodologies may lead firms with high ROE and ROC to dismiss great activities to abstain from bringing down their rate spreads. It makes top directors in charge of a measure that they have more control over - the arrival on capital and the expense of capital are influenced by their choices - as opposed to one that they feel they can't control too - the business value every offer. It is affected by the majority of the choices that chiefs need to make inside a firm - the speculation choices and profit choices influence the arrival on capital (the profit choices influence it by implication through the money parity) and the financing choice influences the expense of capital. Economic value added is used by the investors to make better decision on regarding the investment in particular company. Economic value added is giving a measurement tools which tools show the clear pictures of the companies. It measures the company's ability. It identifies the opportunities for the shareholders.

EVA= (Net Operating Profit After Tax) – (Invested capital) × (Weighted average cost of capital) Economic value added is important tools because it measurement company profitability. EVA used for compensation, capital budgeting, securities analysis, valuation, and measure of corporate performance.

Net operating profit after tax: Net operating profit after tax is easy to calculate from the income statement subtracts taxes. It provides more realistic value of the company. It is an economic principal that measures a company's net operating profit

after taxes and have been deducted for all investors, shareholders and debt holders. The calculation NOPAT from following formula: (operating income) $\times$ (1-tax rate) .

Weighted average cost of capita: - WACC is help to computation of returns, it using to value of project or division. It is the average cost of debt and equity financing that a company undertakes to finance its assets and operations. There is various factors influence such as market conditions, interest rate, tax rate, dividend policy, capital structure, and investment policy etc .Weighted average cost of capital raise from more sources for business. It reflects the overall securities in the capital structure. It is used as the discount rate to determine the net present value of a project. WACC includes various sources such as common stock, preferred stock, bond and any other long term debt etc. Common stock represents an ownership interest in a corporation. It can be bought and sold through the major stock exchanges such as the NYSEX and AMEX. WACC is direct correlation between the long term decisions and the value of shareholders equity.

Invested capital:-Invested capital is the total amount of money that invested into a company by the shareholders, bondholders and all other interested parties. It determined by adding the total debt and lease obligations to the amount of equity in the firm and then subtracting the non-operating cash and investments.

1.3 MARKET VALUE ADDED: Market value added means how much capital invested to the company by shareholders or bondholders and to calculate final market value of the product. It determine the market value of a company and to determine the capital which contributed by the investors and shareholders. When the market value added is positive than company performance and wealth maximisation. The company created wealth for the shareholders. If market value negative means investment less than the value of capital which capital contributed the company by share or capital market.

Every companies or organization wants to maximisation profit and increase the Shareholders wealth so market value is a important to create the value added for the company. It helps to calculation and determines how much value of company has added to the wealth of its shareholders to achieve the higher market value. Market value added calculate under this formula : (Number of Common Share Outstanding) $\times$ (Share Price) + (Number of Preferred Share Outstanding) $\times$ (Share price) – (Book value of Invested capital). The number of common share outstanding is the number of share which share holders or investors currently own and effect the ownership interest

as shareholders in the company. If the number of share outstanding increase which means ownership will fall but if the number of share outstanding decrease which means your ownership will upward or increase.

1.4 REFINED ECONOMIC VALUE ADDED: Refined economic value added shows that in projects the low investment having positive net present value for extreme investment in projects with negative net present value. Refined economic value added has excessive descriptive potential and economic value added help to forecast shareholders wealth. Refined value added calculate:-net operating profit after tax-weighted average cost of capital in period t market value at beginning of period t end of period (t-1). At the beginning of period through this formula, (Stock market price in the first period × number of shares) – (book value of total liabilities - Interest free current liabilities).

Equity Economic Value Added:- Economic value calculate on total capital, E-EVA is a modified to be an equity measure. If companies that earns a positive Equity- Eva which means the companies creates more value for shareholders.

The negative E-EVA presents that the Management has done a poor job of creating value with base of equity available to it, and reduced the Company's value below the amount of equity invested. The positive E-EVA shows that Management has done a good job of creating value with base of equity available to it, since investors have increased the company's value above the amount of equity invested.

Earning per shares:-It allocation of company profit to each outstanding share of common stock. To calculation EPS through net income of a company and dividends on preferred stock dividend to average outstanding shares. It is a most important variable for determining a share price. It is important part to measure the price to earnings. It is a amount of money each share of stock, it would receive if the profit were distributed to the outstanding share at the end of the years. The formula for calculation EPS is net income-preferred dividends/ average outstanding share. The company show net income on a per share basis, EPS has implication for security analysis and applied finance. It is a very important variable to show how much profit achieve a company from single stock which stock there in market. If higher earnings

per share means the company earn more profit and more profits distribute to the shareholders. Profit every offer (EPS) is the segment of an organization's benefit that is apportioned to every remarkable offer of regular stock, serving as a pointer of the organization's productivity. It is regularly thought to be a standout amongst the most imperative variables in deciding a stock's quality

Return on equity:- ROE means how much money generates profit which money invested shareholders in stock market. Return on equity help to find out how company used investment develops the earnings growth, Return on equity calculates through net income and book value of equity. The advantage of low ROEs originates from reinvesting income to help organization development. The advantage can likewise come as a profit on normal shares or as a blend of profits and organization reinvestment. ROE is less important if incomes are not reinvested. A traded on an open market organization's profit partitioned by the measure of cash put resources into stock, communicated as a rate. This is a measure of how well the organization is putting the cash put resources into it. An exceptional yield on value demonstrates that the organization is spending carefully and is likely productive; a low profit for value shows the inverse. Therefore, exceptional yields on value lead to higher stock costs. A few experts accept that arrival on value is the absolute most imperative marker of traded on an open market organizations' well being.

CHAPTER-2

2.1 REVIEW OF LITERATURE

There are various studies which have already been conducted on various aspect of Economic Value Added (EVA), Market Value Added (MVA), refined economic value added(REVA),Adjusted economic value added on Stock Return. Following some literature review which are related to the area of research is given below.

Kaviani et al. (2014) study clarifies the thought of quality creation is acquire speed in Iran rules. In this study to comprehend manage Iranian Companies and origination of Shareholder Value. The study depict the inconceivable and strained environment. Today most administrators to realize that the principle necessity to make shareholder esteem. This paper investigation Equity Market Value and for portray Cash Flow Return on Investment (CFROI) and arrangement Shareholder Value (CSV) in Iran Companies. The different quality added used to creation the worth, for example, financial quality included, business sector quality included, refined monetary quality included, shareholders worth included, balanced monetary worth included, money quality included, made shareholders worth, income rate of return. For this reason to chose 21 organizations which speaks to the auto business amid the time of 2006 to 2012.

Samadi et al.(2014) investigated of economic profit evaluate indicators such as economic value added, Market value added, Adjusted economic value added, Refined economic value added, Residual income. These content disclose value of companies and company's performance. In this study to selected 48 companies which listed Tehran stock exchange during the period between 2003-2012 and using kolmogorav smirnov tools in this study.

Sabet (2014) Every investor to know how success achieves through improve company performance. For this sake to obtain index with company performance. Which performance of the company detailed with comparatively reasonable certainty. In this study the refined economic value added formation and evaluating the performance of the company which company listed under Tehran stock exchange. After this study the results that economic value added is better than refined market value added in evaluation of the company' performance and to significant relationship between refined economic value added and stock, In this study the correlation model was used

Ahmadi et al.(2014) in this study to find the relationship between manufacturing-business strategies and performance. To select these companies which companies has

produced consuming products. The data has collected during the period of 2005 to 2009 were available. The various variables included this research such as human resources, manufacturing planning, materials control, vertical integration and organization and management. They include various performance measures includes of Economic Value Added and Refined Economic Value Added, market share and Market Value added, Return on Assets, Return On Equity. In this method correlation was applied. The result show that the indicates strategic shift in industry

Largani et al. (2013) To calculate the relationship between Shareholder Value Added (SVA) and accounting performance measures such as earning per share, cash flow from operating in Tehran stock exchange. Multiple regression models were used in this study. These papers to examine the relationship between earning per share and shareholders' value added second to find the relationship between cash flow from operating and share holders value added.

Bosra et al. (2013) This study explaining and improving the stock returns. The study was selected 145 companies which listed Tehran stock exchange and it used to regression model through this to find out the economic value added and refined economic value added, After this study to show stock returns is better than refined the economic value added.

Roze et al.(2013) Right now most investigators accept that showcase's quality included is a significant pointer in surveying the shareholders' riches increment. Hence, one reason for the present paper is to determine criteria which are nearly identified with this issue and are fit for evaluating the execution of financial units and at last, their riches in a more precise design. This paper inspects the relationship between directed financial worth included and additionally some bookkeeping and money related criteria for example, return on stock, profit every offer (EPS), return on resources and profit for values with the market's worth included as an outer marker of worth creation (the study's ward variable) somewhere around 2006 and 2010 utilizing the pooled information technique. Results demonstrate that all study variables are in immediate straight and huge association with business sector quality included at a 95% certainty level. In the meantime, the outcomes propose that directed monetary quality included, after profits for values, has the strongest association with business Sector worth included.

Kangarlouei et al. (2012) To evaluate the financial performance of companies is most significant measure on capital market. Economic value added and refined economic

value added most important measure of financial performance. Main purpose of this study to make clear the conceptual indicator. In this study to find the relationship between REVA and MVA.This studied using liner and multiple regressions.

Abodoli et al. (2012) Analyzed the relationship between every free variable including monetary quality included and remaining wage was the delegates of financial models with the made shareholders quality were mulled over. The exploration was inferential-inductive regarding strategy that cross-sectional connection regarding test factual system. The concentrated on measurable populace comprises of every last one of organizations recorded in Tehran Stock Exchange amid 2006-2009, with the exception of speculation and holding organizations. The measurable example comprises of 85 organizations. Straightforward and multi-variable relapse systems were utilized to test the speculation. The impact and significance of most autonomous variables were analyzed through Forward strategy. The outcomes show that both financial quality included and remaining salary have noteworthy association with the shareholders' made riches. The lingering salary model was more critical than the financial quality included connection with the made shareholders esteem. The distinction between the effects of these two variables was because of bookkeeping conformists through which the impact of collection bookkeeping was disposed of, it was considered as a superior paradigm for execution assessment and increment in shareholders' worth.

Tian et al (2012) concentrated on the recorded organizations in Shandong Island blue financial zone, as tests, EVA was connected in the exploration to dissect the quality making capacity in the entirety blue financial zone in light of the bookkeeping report information from 2009 to 2011. The measures were about how to enhance the worth making capacity of recorded organizations were proposed in the study for helping administrators to enhance their administration.

Largani et al (2012) In this research study to formation shareholder wealth and shareholder value because it is economical very difficult to value and wealth creation for shareholders. For this purpose to attain business goals. These goals achieve only through some instrument because without instrument the investors cannot achieve business goals. For the sake to measure the possible value of each investment chance. It is estimate that these tools are not able of forecast exact future. Between these standard such as return on Investment (ROI) and Earnings per Share (EPS). The implementation these instruments they are not related with shareholders' value or

wealth formation. In recent years, there are many new evaluation techniques are there. These techniques are such as Economic Value Added (EVA), Market Value Added (MVA), Refined Economic Value Added (REVA), Shareholder Value Added (SVA), Cash Value Added (CVA), and Adjusted Economic Value Added (AEVA).

Nakhaei et al. (2012) examine the relationship between economic value added (EVA), refined economic value added (REVA), and EVA. The velocity of value-based calculation and to measure economic, accounting measures on the base of assets, return on equity, and return on sales with share market value in bursa Malaysia. In this study the sample include the public companies which accepted in Main market of Bursa Malaysia during the period 2001 to 2010 and the data will be collected from Bursa Malaysia. There were two tools used in this study such as multivariate regression, correlation coefficient.

Moghaddam et al.(2012) This study inspect the relationship between refined economic value added and market value added when the independent variable and earnings of per share as dependent variable. In this study to selected those companies which listed under Tehran stock exchange at 2004-2008.In this paper to describe the refined economic value added and clarify earnings per share, 97 companies were selected and regression tool were used in this study.

Rostami et al.(2012) In this research papers was present economic value added that depends on two value of companies first is efficiency second is capital employed of the company. In this study to sample size was 73 means to selected 73 companies was taken in years between 2001 to 2009 which listed in Tehran stock exchange. If investigation the portfolio yields to give higher returns and these returns compared with earnings per share and book value to the market value.

Meiya et al.(2012) discovered that shareholders dependably anticipate that business administrators will make genuine monetary quality and riches for their associations, and likewise, pay those official in view of the financial quality that has been made. Monetary quality included (EVA) is viewed as the genuine measure of financial esteem and has following been used as an apparatus for administrators' remuneration. Characteristic to remunerating administrators on EVA, was the basic presumption that administrators were chosen on their capacity to make esteem. They did not show where EVA has been used in the choice of administrators. That renders a separation in the middle of choice and execution measure. That article set forward the contention that properties and competency measures were a portion of the measures that can

foresee execution. In view of that, conceptualized that traits and abilities that are connected to EVA be distinguished to add to a competency measure that was in light of EVA.

Mamum et al. (2012) this study explores the financial performance in Malaysia. In this study to explain economic value added used as a tool for measuring the financial performance. This study used conventional method by the Malaysia firms.

Montazeri.et.al (2012)this study formation the value measure and accounting measure for estimate shareholders return in the Tehran stock exchange. In this study to collect the secondary data the period of 2007-2011 and to various value considers such as economic value added, market value added, refined economic value added, shareholder returns. These value added find the positive relationship between shareholders value with shareholders returns.

Zabiulla (2012) To examined the value creation strategy, in this study to selected Indian companies and to measures the performance through various value added such as economic value added, returns on net worth, return on capital employed ,earning per share. Three tools were used such ANOVAs3, Regression, Trend analysis.

Haddad (2012) calculate the relationship between economic values added, returns on assets, return on equity, capital adequacy. They selected 15 samples in this study means to selected 15 banks which listed in Amman stock exchange at 2000-2009 and multiple regression model were used.

Ghaderzadeh et al. (2012) In this study to selected 81 samples in Tehran stock exchange. In this study to explain economic value added, market value added, refined economic value added, adjusted economic value added. The economic value added helped shareholders for creation wealth .After this study the result showed adjusted economic value added or refined economic value added has been more content.

Kangarlouei et al.(2012) In this study to investigation of impact of ownership concentration on financial performance. In this study to applied correlation and regression after this study to suggest that all creditors, shareholders and capital market used the measuring financial performance.

Hajiabbasi et al. (2012) The aim of this study to formation and estimate accounting shareholders returns in Tehran stock exchange It used secondary data since 2007-2011. In this study find out the relationship between formation value measure of economic value added, refined economic value added, market value added, shareholders value added, created value added. The various accounting measure used

in this study such as rate on equity, cash flow operation, shareholders return. The sample was selected 76 firms which listed in Iran stock exchange. Multiply regression model used in this study. After examined the result show there is a significant relationship between created shareholders with shareholders returns.

Bhunia (2012) In this study to focused on testing the hypothesis to efficient market of investment performance of equity share. After examined the result show risk and returns is the core part in investment decision making process. The various model and tools are used to calculate risk and returns such as capital assets pricing model. This study to provide clear information regarding Indian stock market and to show the positive relationship between the expected return and beta of the security.

Hajiabbasi et al. (2012) The aim of this article to estimate shareholder return in Tehran stock exchange to use of creation value measures and accounting measures. In This research was conducted using secondary data sourced for the period 2007-2011. The sample size listed firms 76 Iran Stock Exchange and ten hypotheses have been conducted for this study. Every hypothesis examined the relationship between accounting measures and creation value measures with SR. Spearman's correlation coefficient test has been used for examining research hypotheses and multiple regression techniques have been applied for testing significance of research hypotheses. The Research results indicate that there is not significant relationship between creation value measures of EVA, REVA, MVA, SVA and CVA and accounting measures of ROE, EPS and CFO with shareholder return.

Joshi (2011) Inspect the formation for shareholders of manure companies. in this study to explore the relationship between economic value added, market value added, return on investment, return on equity, earning per share, return on net worth. In this study Anova and Correlation method were used.

Booyse et al. (2011) contemplated the Economic Value Added (EVA) may enhance the Estimation of associations' execution it appears to be not to be utilized broadly as a part of South Africa. The need to gauge monetary execution and the diverse measurements that has been utilized would be explored to secure the best measure for every area. The reason for that study was to focus the degree to which EVA was utilized by South African Organizations. That was explored concentrated on technique utilized by these associations to compute EVA and meant to focus the South African business divisions in which it was destined to be executed. It was prescribed that organizations did an exhaustive inward investigation of their

associations to aid them in settling on an educated choice in regards to the fitting execution metric, which incorporates EVA.

Pinto et al.(2011) inspected the incremental data of an arrangement of execution measures somewhere around 2005 and 2009, utilizing relapse models. The exact examination permits us to recognize the execution connected with the production of worth for the capital holders. Furthermore, they break down the MVA execution and contrast it with the current connection between the last and the previous measures, and they discovered a measurably critical relationship in the middle of EVA and MVA. The principle qualification in the middle of EVA and customary measurements identifies with the way that EVA consolidates both compensated liabilities and financing expenses of obligation also as the contributed capital.EVA incorporates modification that minimize an arrangement of contortions that outcome from the bookkeeping practice embraced. Moreover, EVA and MVA together, give a more exact assessment of the company's execution.

Panahian et al.(2011) Mulled over the examination of relative and incremental data substance of EVA and REVA for forecast of earnings. For that reason, the connection between the working pay of the following period and varieties in the information on EVA, REVA, working pay and operation money streams for the organizations recorded in Tehran Stocks Trade from 1996 through 2006 were tried.

Sivakumaran et al.(2011) discovered the preference of utilizing a controlled re-enactment approach in monetary exploration. The EVA was figured and contrasted and the separate offer costs of 39 banks of the BSE-BANKEX for a time of seven years starting from FY 2004-05 to FY 2010-11. From the study it was watched that there was no relationship in the middle of EVA and offer costs yet EVA was the genuine benefit that the bank has the capacity create which additionally considers opportunity expenses of the capital put resources into the business. The study includes that EVA was the one.

Seyedietal et al.(2011) They analyzed the relative viability in foreseeing future income and their part in upgrading the exactness of examiners' gauges. The outcome demonstrates that EVA contains data that was incremental to EPS in foreseeing future income. They found regardless of that potential for EVA to increase the value of examiners' estimates of future income; examiners don't utilize the data as a part of reported EVA.

Mehdi et al.(2011) analyzed that Economic Value Added (EVA) is predominant as a execution measure contrasted with customary bookkeeping measures. The examination was performed utilizing a board information strategy for a specimen comprising of 76 Iranian recorded organizations in the Tehran Stock Exchange from 2001 to 2008. Relative and incremental data content methodologies are utilized. The outcomes don't bolster guarantees that EVA overwhelms conventional bookkeeping measures in relative data content. Relative data content

tests uncovered that stock returns are all the more nearly connected with ROA, ROE and EPS than EVA. Additionally, the incremental data substance tests show that EVA includes just somewhat to data content past bookkeeping measures. The outcomes propose that book keeping measures by and large beat EVA.

Sharma et al.(2010) They introduced a story writing audit of 112 papers distributed on the EVA from 1994 to 2008. That gives an order plan, recognizes the crevices in existing writing and recommends the bearing for future examination. Considered were arranged and exhibited on the premise of the time period, issues secured, appropriation of writing in different sources, philosophy utilized, nation savvy productions and commitments made by the analysts on the idea.

Rehman et al. (2010) study was led so as to display the relationship between Stock

Return and Economic Value Added (EVA) as contrast with the association with other variable for example, Net Income (NI) and Operating Cash Flow (OCF) with in Pakistani Stock Market. It was apparent from the study that the commitment of working income was higher as look at to EVA and NI which was an expectation of the slightest commitment of the EVA in Stock Return as indicated by the individual relapse examination of these variables with stock return. At long last EVA was adversely adding to the Stock Return as contrast with the other variable indicated both by relapse and Pearson relationship.

Agrawal et al. (2010) This study to analysis the relationship between nifty returns and Indian rupee-us dollars exchange rates. The study was used daily closing indices after this study to show there is a correlation between nifty returns and exchange rates was found to be negative.

Dagogo et al.(2009) inspected the utilization of Venture Capital (VC) financing for Small And Medium Scale Enterprise (SME) advancement in Nigeria by contrasting the Financial Value Added (EVA) of funding upheld SMEs and those of non-wander capital supported SMEs. Three free variables were indicated to be specific: Equity

money, administration backing, and specialized backing, and the accompanying tests were led: matched t-tests for importance of the distinctions in needy and autonomous means, f-test for importance of R2 and t-test for centrality of individual relapse coefficients. It was found that VC financed SMEs plainly beat Non-VC financed SMEs, and that the particular execution was the impact of administration backing by investors in their portfolio SMEs.

Burksaitiene (2009) Observed that there was some real systems inside quality based administration framework. They examinations the two most fundamental methodologies Economic Value Added (EVA) and Discounted Cash Flows (DCF) strategies that was utilized to quantify esteem making of organizations. Those models were regularly connected in organization's valuation and venture valuation.

Wibowo et al.(2008) mulled over the relationship between Economic Value Added (EVA) and Market Value Added (MVA) with the reported income. The reason for existing was to pick up better seeing in the utilization of EVA and MVA in connection to the reported income in certain purposes from diverse relapse models. With the specimen of 40 Indonesian recorded organizations in Indonesia Stock Exchange from year 2004 to 2007, the theory testing was utilized to discover the connections among variables. The equation for figuring EVA and MVA to be use in four models of relapse investigation against reported income. Study discovered confirmation in the connections in the middle of EVA and MVA with reported income, and the most astounding connection among the models is relationship around the same time period, which can be utilized for assessment purposes. Just the relationship of the EVA in the earlier year and reported income changes was demonstrated not huge. Still, MVA was more critical in clarifying its association with reported income as opposed to EVA. The creator infers that when all is said in done, Indonesian recorded organizations still delivers negative EVA. Then again, while the EVA also, MVA are demonstrated to have relationship with reported income, the outcome for EVA was lower than MVA. There was still insufficient proof that EVA can be utilized to clarify the reported profit successfully other than MVA.

Robin et al.(2008) inspected that Economic Value Added (EVA) contributes little data substance past profit in clarifying individual Stock Returns. Such discoveries may be credited to the specific estimation mistake of EVA in an individual organization. they returned to the advantages of EVA by looking at its data content in clarifying 90 segment comes back with the data substance of three customary bookkeeping based

execution measures: income from operations (CFO), income (EBIT), and remaining wage (RI). Discoveries demonstrate that the relationship between customary bookkeeping execution measures and part returns has higher than that with EVA. Further examination on which segments of EVA contribute most around the relationship of EVA with part returns demonstrates that working increments and working money streams give data content past that gave by segments that are extraordinary to EVA, for example, capital charge.

Hamilton (2007) inspected whether EVA adopters beat an associate gathering of non-adopters over a long haul skyline. It likewise investigates the determinants connected with regard's in relative business execution of these two gatherings. They discovered blended results predictable with past studies. In inspecting danger balanced business returns, they found that the full example fundamentally fails to meet expectations the business amid the time of the study. EVA adopters show less negative execution than non-adopters. In addition, over the whole study period, adopter execution enhances in a positive course, while non-adopters encounter an execution decay. Receiving firms likewise show higher income development and higher returns. In context, these outcomes recommend there is some advantage to EVA reception, with respect to an associate gathering, as adopters outflank their associate gathering. In an examination of associate coordinated gatherings firm size and development opportunities was found to have a critical effect on execution for three size based bunches.

Morard et al. (2007) This research papers express the brief explanation of used economic value added indicator and to calculation the net income and to explain the main components such as economic value added, net operating profit after tax, weighted average cost of capital.

Hoque et al.(2007) In this research paper to calculate economic value added, market value added, cost of capital, net operating profit after tax. Today is more difficult to measure the financial performance whatever the nature, volume, when the performance measure extend due to imperfect which to selection wrong tools then the process will prove wrong due time.

Jordan et al.(2007) they discovered the monetary worth included (EVA) can be utilized to create two portfolios with factually distinctive aggregate returns. The investigation was done utilizing a portfolio partition test that inspected the measurable essentialness of the relapse coefficient produced when the combined comes back from one portfolio are relapsed against the aggregate comes back from the other portfolio. They finish up EVA does give financially valuable data that can be utilized to estimate portfolio partition. In particular, shaping portfolios taking into account higher and lower estimations of EVA separated by the normal book estimation of obligation and value from a purchase rundown yields portfolios with total returns that are measurably diverse.

Chen et al.(1997) Examined the economic value added in stock market. They were used two step method for analysis first is identify companies in the 1992 second they keep only those companies with adequate data as reported through blend to perform our analysis.

Stern (1990) In this study to describe the economic value added. Economic value added is measure the performance and express the actual economic profit of a concern. Economic value added formation of shareholders wealth over a period of time. Economic value added give the managers admirable information and to give higher motivation.

CHAPTER-3

RESEARCH METHODOLOGY

3.1 NEED OF RESEARCH STUDY

Previously many studies have been conducted on the calculation of Economic Value Added (EVA) and Market Value Added (MVA), refined economic value (REVA) added, adjusted economic value added (AEVA) and others measures such as Rate on return (ROI), Return on equity (ROE), Earning per share (EPS), Return on net worth but not measure the company performance through these value added on stock market which company listed under nifty stock in Indian stock market. The ranking pattern have been found in this study and determines the relationship between EPS and ROE, But there was no specific study has been found on these value added which measure the company performance through Earning per share, Return on equity under nifty on Indian stock market.

3.2 Research Objectives:

1. To compute Economic Value Added, Market Value Added, Refined Economic Value Added and Equity Economic Value Added of the companies listed in NIFY from 2005-2014.
2. To rank the companies on the basis of ROE, EPS, EVA, MVA, REVA, E-EVA.
3. To study the influence of Return on Equity with Economic Value Added, Market Value Added, Refined economic Value Added, Equity Economic Value Added
4.To study the influence of Earning Per Share with Economic Value Added, Market Value Added, Refined economic Value Added, Equity Economic Value Added

3.3 Research Questions or Hypotheses:

H0: There is no significance relationship between Return on Equity and EVA

H0: There is no significance relationship between Return on Equity and MVA

H0: There is no significance relationship between Return on Equity and REVA

H0: There is no significance relationship between Return on Equity and EEVA

H0: There is no significance relationship between Earning Per Share and EVA

H0: There is no significance relationship between Earning Per Share and MVA

H0: There is no significance relationship between Earning Per Share and REVA

H0: There is no significance relationship between Earning Per Share and E-EVA

3.4 Sample size: The sample size of the forty companies to measure the Economic Value Added, Market Value Added, Refined Economic Value Added, Equity Economic Value Added. The selected 40 companies are listed under national stock exchange on stock market in India.

3.5 Sampling unit: The sampling unit of this study is NSE -indexes companies.

3.6 Source of data: The secondary data source will be use which will be collected from the official website and financial data collected by money control, national stock exchange**,** (**[www.nseindia.com),capitalline](www.nseindia.com)**)

3.7 Tool and Technique: Data is analyzed with the help of Microsoft Access and Microsoft Excel to obtain Economic Value Added, Market Value Added, Refined Economic Value Added, Equity economic value added, Return On Equity and Earning Per Share. After getting all information than applied Correlation and Pooled Regression model. The EViews is used to find the impact of ROE and EPS with Refined Economic Value Added, Market Value Added, Economic Value Added, Equity Economic Value Added

3.8 Method:

Calculation of Economic Value Added (EVA)

EVA = NOPAT – COST OF CAPITAL

NOPAT=Operating income*(1 – tax rate)

COST OF CAPITAL= (Capital employed) * (WACC)

CAPITAL EMPLIYED= (Equity paid up) + (Total reserve excluding revaluation reserve) + (Total Debt)

WACC= $\frac{MVE}{MVE+MVD+MVP} \times COE + \frac{MVE}{MVE+MVD+MVP}(1 - \text{Marginal tax rate}) \times COD +$ $\frac{MVP}{MVE+MVD+MVP} \times COP$

COE = Rf +Beta (Rm – Rf)

COD = Total interest expense $\times \frac{1-Effective\ tax\ rate}{\text{Average total borrowing}} \times 100$

Calculation of Market Value Added (MVA)

(Number of common share outstanding)×(Share price number) + (Number of preferred share outstanding)×(Share price) – (Book value of invested capital)

Calculation of Refined economic value added

REVA = NOPAT – (WACC × M.Capital)

To calculate Equity Economic Value Added

(Return on Equity) – (Cost of Equity) × (Book value of Equity)

To Calculate of Earning per shares

Net profit $- \dfrac{dividend\ tax}{equity\ paid\ up} \times face\ value$

Calculation of

Return on Equity: $\dfrac{Net\ income}{Book\ value\ of\ equity}$

CHAPTER-4

DATA ANALYSIS AND INTERPRETATION

The important goal of financial management is to enhance value of the capital employed (owners & lenders) wealth and consequently enhancing the value of the firm. The question arises is, which measure evaluates firms value properly. In answer to this question, it can be said, various accounting based measures like Earning per Share (EPS), Return on Equity (ROE); and growth in sales have been used to evaluate the performance of the business. But the problem with these performance measures is that they lack a proper benchmark for comparison. The shareholders require at least a minimum rate of return that the above mentioned performance measures ignore.

In order to overcome the limitations of accounting based measures of financial performance, Joel Stern, managing partner of M/s Stern Stewart & Co. introduced a modified concept of economic profit in 1990 namely Economic Value Added (EVA), Market value Added and other Value Added Measures (including REVA, E-EVA, ROE and EPS) as measure of business performance. Using the same following data has been calculated and interpreted blew.

4.1 CALCULATION OF METRIC DATA FOR THE ECONOMIC VALUE ADDED (EVA) OF SELECTED COMPANIES (2005-2014)

Economic value added included is the incremental distinction in the rate of return over an organization's cost of capital. Fundamentally, it is the worth produced from stores put resources into a business. In the event that the monetary quality added estimation ends up being negative, this implies a business is devastating esteem on the stores put resources into it. It is key to audit the majority of the parts of this estimation to see which regions of a business can be acclimated to make a more elevated amount of financial worth included. In the event that the aggregate Economic value added included stays negative, the business ought to be closed down.

The below table 4.1 shows the Economic Value Added of NSE Companies in India from 2005-2014. The positive data of EVA presents that the companies are generating wealth and negative data shows that the companies are not generating wealth for investors.

S.No	Company Name	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
						Table 4.1					
1	Acc ltd	-91,304.80	12,887.02	-6,652.74	-4,089.06	-7,836.63	6,197.30	-80.10	3,037.07	-503.08	-574.26
2	Ambuja cement	-5,769.59	3,260.60	-5,775.43	-10455.04	-30,596.20	-10,977.34	-868.53	2,879.80	-6,487.40	-1,104.70
3	Asian paints	221.64	-7,748.49	-936.76	-1,066.87	-11,095.76	-993.15	-1,867.33	-41.79	-1,490.73	-408.83
4	BHEL	3,128.41	45,093.93	1,31458.24	60,733.76	-57,488.37	25,688.71	-64,186.70	6,255.54	-97,934.58	-7,513.56
5	Bajaj auto	-24,796.07	-22,946.48	-21,093.90	-16,680.62	-846.05	207.50	98.28	-15,252.97	-9,108.93	-8,395.03
6	Bharti airtel	5,183.09	2,064.91	8,153.12	655.50	17,796.66	-4,781.67	2,943.44	-26,348.92	-22,772.28	-2,754.68
7	BPCL	2,740.87	2,945.33	1,329.73	1,480.86	390.38	424.83	436.41	873.19	150.63	-83.63
8	Cairn India	-22648.57	-28695.77	4117.72	-10435.75	-104440.03	-32299.93	-182501.21	-144781.92	-164919.00	-152212.41
9	Cipla	1,835.65	-980.56	8,428.41	3,146.63	-22,198.93	976.38	1,370.66	3,633.58	-3,037.29	273.88
10	Coal India	32,708.02	35,016.21	21,259.60	1,229.13	-182.86	-1,378.62	-1,254.98	1,978.93	-440.28	-1,869.99
11	DLF	2,039.11	-1,193.82	2,329.50	1,781.33	-4,058.57	222.32	1,147.08	6,042.88	180.81	49.10
12	DR.Reddy's labs	671.89	1,384.75	817.93	83.88	-10,238.14	1,761.67	2,025.40	1,108.98	-697.27	-358.51
13	GAIL	1,118.47	12,819.14	16,672.66	-3,145.17	-38,012.01	-757.63	-20,478.45	-1,944.58	-9,741.37	3,497.63
14	Grasim inds	955.94	965.91	1,309.90	2,680.42	-2,673.67	2,787.72	1,701.89	1,700.63	-762.14	781.70
15	HCL tech	-15,257.04	-8,948.38	1,859.17	-1,302.26	-11,817.78	5,340.35	3,910.57	5,302.37	-11,844.42	-3,521.19
16	Hero Motocorp	292.91	1,076.05	3,457.62	2,485.61	-7,238.75	-3,217.73	960.04	2,288.54	-881.33	812.25
17	Hind.unilever	-4,226.99	1,427.73	-11,728.39	-3,066.52	1,688.45	2,555.16	942.72	-167.43	-16,998.93	4,383.43
18	Hindalo inds	-1,289.22	3,042.53	4,787.07	1,271.95	-20,518.43	5,538.97	1,280.22	3,362.91	538.20	1,492.33
19	Infosys	-2,537.15	25,332.11	61,626.56	-23,016.72	-150894.72	24,939.53	40,496.42	-24,354.55	-13,612.43	-27,938.76
20	ITC	-6,367.25	-48,669.56	-19,012.61	-34,705.70	-29,981.09	17,015.73	-18,540.47	21,813.99	-59,868.47	-3,836.32
21	Jindal steel	1,208.72	1,291.53	2,609.87	2,221.13	-2,413.40	1,552.88	76.26	720.91	430.02	262.29
22	JP associates	1,792.05	-469.56	2,108.68	4,159.86	-7,314.31	3,438.99	-2,748.36	237.92	-3,128.75	-167.73
23	Larsen tubro	1,051.47	2,519.43	4,536.44	3,279.76	-2,281.19	4,409.07	235.89	705.76	-655.46	420.90
24	M&M	2,180.79	372.88	3,574.04	-738.10	-13,822.64	3,406.12	1,937.18	70.25	-9,195.40	627.03
25	Maruti Suzuki	-4,672.23	3,606.05	2,104.20	9,887.01	-8,978.28	2,796.99	1,426.78	3,322.58	-30,388.94	-470.36
26	NTPC	47,216.71	45,614.20	44,998.11	34,726.39	-5,274.61	27,630.21	-36,355.45	-7,336.59	7,000.78	19,213.80

27	ONGC	1,01,941.73	-1,27,794.17	28,599.99	31,573.08	-12,676.87	43,356.86	5,645.63	16,762.94	-8,712.27	13,877.18
28	Power grid co	11,319.49	10,605.03	7,257.99	11,512.56	-416.45	6,408.31	22,112.27	-11,221.02	-10,590.68	-8,933.84
29	Ranbaxy labs	1,044.55	7,713.12	1,187.10	1,429.34	-4,105.99	3,271.02	-152.84	1,015.97	747.45	1,25,824.38
30	Reliance inds	25,279.50	20,748.64	57,210.83	34,423.11	-5,978.87	28,557.45	-8,708.68	-14,725.05	-15,174.95	8,625.35
31	Reliance infra	-891.57	4,741.53	3,022.40	6,623.65	-6,828.37	4,014.49	-10,046.79	1,850.38	296.54	1,886.85
32	SAIL	-3,117.04	44,611.64	67,084.04	48,109.06	-131471.96	62,466.50	-80,842.72	-23,455.42	-11,877.30	-39,541.53
33	Sesa sterlie	-2,576.53	149.14	2,294.12	7,093.37	-10,680.34	15,941.62	-17,399.91	2,809.70	-4,686.26	-7,769.47
34	Siemens	-1,91,080.99	14,799.13	9,503.11	-3,268.03	-56,045.67	-11,690.56	-1,540.84	1,998.96	-19,331.79	-3,358.84
35	Sun pharma inds	-1,106.77	-17,460.56	-8,839.78	-4,801.26	-22,491.15	5,444.96	-1,054.81	56.72	-730.80	-116.09
36	Tata motors	-3,903.77	1,799.08	1,481.19	-1,477.85	-13,057.40	6,986.25	2,840.65	4,363.73	-8,089.72	2,882.17
37	Tata power co	1,418.26	1,246.74	1,126.46	1,153.87	-2,980.73	2,576.80	-8,088.99	1,295.24	-2,163.70	1,164.54
38	Tata steel	-81.27	15,333.84	14,241.11	8,645.09	-35,027.05	66,368.32	-60,000.30	7,559.05	-1,015.10	-2,844.23
39	TCS	-56,275.27	-36,104.19	21,768.11	-42,365.21	-157983.42	30,709.68	36,909.18	-7,154.32	-5,052.68	-976.43
40	Wipro	444.09	6,113.59	6,435.30	3,262.32	-13,520.79	32,147.61	4,997.13	6,252.93	-27,848.14	-10,573.03

4.2 CALCULATION OF METRIC DATA FOR THE MARKET VALUE ADDED (MVA) OF SELECTED COMPANIES (2005-2014)

Business sector Value Added or MVA is an estimation of an organization's capital proficiency amid the organization's lifetime. The M.V.A. is the contrast between the organization's fairly estimated worth and the capital contributed by the financial specialists. A positive MVA demonstrates that the organization has been effective in making wealth or has value added. A negative MVA demonstrates that the organization has squandered its capital or wrecked esteem regardless of the fact that the organization has overall been beneficial.

The below table 4.2 shows the Market Value Added of NSE Selected Companies in India from 2005-2014. The negative MVA presents that the Management has done a poor job of creating value with base of equity available to it, and reduced the Company's value below the amount of equity invested. The positive MVA shows that Management has done a good job of creating value with base of equity available to it, since investors have increased the company's value above the amount of equity invested.

S.No	Company Name	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
						Table 4.2						
1	Acc ltd	-56,987.15	14,263.04	16,443.91	11,533.72	10,504.52	6,817.55	6,673.93	13,921.96	11,785.27	4,204.17
2	Ambuja cement	21,524.12	18,967.73	18,450.31	13,128.95	11,346.37	6,609.88	8,196.40	14,929.92	10,414.39	-2,136.72
3	Assian paints	5,56,442.52	1,364.38	737.92	651.75	628.30	-17.96	51.10	-35.25	-99.47	-248.02
4	BHEL	3,246.82	-39,365.89	-32,249.10	-16,264.49	7,549.75	6,198.908	5,774.29	-604.70	-2,646.23	-4,140.75
5	Bajaj auto	53,061.70	47,686.98	42,352.26	36,693.97	13,427.87	4,025.98	666.32	666.32	666.32	666.32
6	Bharti airtel	58,269.24	49,838.36	55,332.38	81,888.21	82,944.88	32,601.50	48,347.43	63,476.07	28,780.20	15,494.69
7	BPCL	-1,084.12	-15,594.86	-26,119.19	-24,504.89	-23,821.02	-24,875.59	-20,227.61	-20,583.78	-16,936.02	-9,682.04
8	Cairn india	20,571.34	23,689.30	31,108.39	-27,117.26	42,407.53	11,063.56	6,973.50	-1,002.22	-1,189.84	-3,922.30
9	Cipla	27,395.87	27,395.87	27,395.87	27,395.87	27,395.87	27,395.87	27,395.87	27,395.87	27,395.87	27,395.87
10	Coal india	1,91,182.31	1,66,634.05	1,94,425.28	1,94,751.44	1,85,076.07	1,86,323.65	1,88,189.41	1,88,511.00	1,89,369.01	6,961.82
11	DLF	-1,430.27	1,888.97	3,845.98	4,578.57	28,509.17	31,302.72	73,257.83	1,24,872.93	1,13,573.79	1,16,215.61
12	DR.Reddy's labs	35,988.33	26,598.84	20,391.95	18,940.10	17,211.21	6,567.29	4,328.56	6,597.23	2,151.93	667.53
13	GAIL	14,253.04	7,396.96	17,824.41	33,818.63	39,182.65	22,591.95	7,716.19	6,127.27	3,078.18	2,653.22
14	Grasim inds	16,619.49	14,134.25	16,046.90	12,206.25	13,234.29	6,464.99	7,875.94	17,426.04	12,706.53	5,090.35
15	HCL tech	87,831.12	49,930.39	28,119.33	24,118.53	19,967.36	10,598.84	12,124.66	17,440.11	6,707.13	3,501.84
16	Hero Motocorp	44,362.69	30,562.67	32,560.90	31,546.43	33,530.95	23,098.54	12,077.98	11,203.11	13,560.23	10,965.05
17	Hind.unilever	95,522.68	65,559.42	95,352.98	65,777.13	55,013.68	53,976.01	48,264.24	43,271.59	49,377.78	32,417.76
18	Hindalo inds	-34,368.96	-39,077.70	-24,297.46	-5,796.60	-208.68	-16,610.60	-10,055.35	-2,504.56	3,803.68	-10,418.22
19	Infosys	59,930.31	46,051.62	42,230.44	56,659.03	58,815.97	34,375.82	30,668.07	44,759.45	16,552.73	10,505.21
20	ITC	2,49,584.21	2,31,207.34	1,74,948.90	1,30,910.97	42,773.13	26,151.10	23,962.68	21,398.01	24,299.05	-6,715.85
21	Jindal steel	-16,008.03	-6,196.21	16,189.18	35,106.77	47,729.04	-3,789.77	-2,985.17	-5,453.42	-4,409.51	-2,698.23
22	JP associates	-31,981.13	-26,269.18	-18,510.34	-15,422.38	1,514.74	-5,764.78	2,517.17	-5,316.73	-5,167.38	-3,860.22
23	Larsen tubro	86,034.23	19,470.82	21,265.29	33,878.24	46,331.20	30,323.79	12,670.15	15,409.95	-513.98	-2,520.85
24	M&M	49,028.47	36,387.40	29,980.90	30,949.77	25,399.06	232.94	-166.76	4,270.74	4,050.37	-1,168.69
25	Maruti Suzuki	51,284.65	25,290.62	19,885.81	19,188.04	27,097.52	22,516.36	11,023.67	18,112.73	18,888.60	9,585.76
26	NTPC	-45,024.37	-21,279.29	7,892.69	30,573.28	65,416.60	72,971.39	70,238.25	72,038.97	1,03,827.70	17,481.32

27	ONGC	1,49,500.95	1,09,755.42	92,522.00	1,17,221.13	-38,666.53	-41,299.39	-32,836.61	50,134.84	-38,021.01	-34,517.07
28	Power grid co	-59,660.06	-50,965.38	-29,726.86	-20,968.59	-6,364.68	36.69	3,966.34	23,698.12	28,960.38	31,569.53
29	Ranbaxy labs	13,871.88	9,174.23	12,720.28	11,374.63	13,290.86	4,792.62	9,483.29	8,347.84	9,631.09	5,668.91
30	Reliance inds	21,264.44	22,721.52	21,108.78	77,416.95	1,48,275.50	-42,603.02	36,157.54	43,799.78	2,795.07	-19,251.37
31	Reliance infra	-23,094.97	-23,394.69	-31,180.85	-11,472.12	6,931.15	2,928.30	10,577.50	6,157.72	-158.60	1,117.81
32	SAIL	-41,012.23	-42,074.56	-23,827.28	-6,211.08	36,084.38	24,592.80	37,912.40	45,831.86	14,078.97	7,879.88
33	Sesa sterlie	-2,458.51	-3,171.18	-177.63	9,867.76	22,761.51	13,209.98	9,810.84	8,749.04	3,773.02	2,648.69
34	Siemens	23,724.57	15,256.81	19,957.29	24,154.68	21,102.19	11,211.12	16,272.77	9,906.23	645.48	-70.85
35	Sun pharma inds	1,34,295.94	43,814.59	24,187.53	17,697.80	-1,977.95	-2,606.78	-1,638.34	-1,525.60	-1,650.77	-1,862.69
36	Tata motors	97,692.67	97,692.67	97,692.67	97,692.67	97,692.67	97,692.67	97,692.67	97,692.67	97,692.67	97,692.67
37	Tata power co	-4,850.05	-3,934.09	1,454.87	-16,126.92	-13,660.95	-11,573.21	-9,038.46	-8,202.03	-7,321.15	-7,224.68
38	Tata steel	-50,232.76	-55,728.02	3,24,086.68	-28,003.74	-11,463.22	-29,211.05	-1,416.96	10,216.17	11,859.97	8,691.97
39	TCS	4,19,081.12	2,97,906.21	2,16,990.76	1,98,794.87	1,53,755.78	29,865.11	27,632.00	48,160.37	14,083.68	13,026.15
40	Wipro	1,02,620.31	74,355.82	66,449.04	73,781.43	38,442.47	20,267.70	19,203.34	36,545.99	37,727.77	10,453.66

4.3 CALCULATION OF METRIC DATA FOR THE REFINED ECONOMIC VALUE ADDED (REVA) OF SELECTED COMPANIES (2005-2014)

The Refined Economic Value Added included has two favourable circumstances over the Economical Value Added : when the refined Economic Value Added included is certain, the extra esteem will be made for stockholders relative to circumstance expense in light of business sector. For this situation, the stream operational premium is more than venture genuine opportunity cost for financial specialists toward the end of period. This is not generally the situation for Economic value added included, since it is conceivable that while the investors' effectiveness is lower than real opportunity costs, again the prudent quality included is sure. Second, Refined Economic Value Added quality included can be figured based whole premium stream for financial specialists (stockholders obligations and credits) or just taking into account interest streams for stockholders pay rates. This highlight just is the situation for prudent quality included when the dept business worth and stockholders compensation is equivalent to Economic book value.

The below table 4.3 shows the Refined Economic Value Added of NSE Selected Companies in India from 2005-2014. The negative REVA presents that the Management has done a poor job of creating value with base of equity available to it, and reduced the Company's value below the amount of equity invested. The positive REVA shows that the shareholder value creation is more the operating profit and more than the opportunity cost of capital.

S.No	Company Name	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
								Table 4.3			
1	Acc ltd	-18371.20	38654.33	-24481.53	-36818.16	-85478.6	61550.52	-10262.5	30804.97	-165868	-39976.8
2	Ambuja cement	-17536.85	15596.60	-20048.1	-42248.1	-151362.71	-78414.16	-15097.2	22188.08	-198905	-56670.6
3	Assian paints	1210.24	-36232.62	-12627.54	-9878.63	-113320.87	-15952.51	-37225.58	-4333.20	-41420.23	-13953.16
4	BHEL	20122.59	200195.46	244028.40	127241.90	-208338.46	128159.75	-337894.23	26081.42	-365299.75	-19371.46
5	Bajaj auto	-95542.59	-111626	-143361	-207751	-83206.5	-20767.5	-34325.4	-52783.2	-32190.8	-30368.4
6	Bharti airtel	70916.237	16754.71	164215.3	-43462.4	240186.3	-146268	-624.541	-1321751	-1389453	-315455
7	BPCL	-85450.74	-1913.60	-18623.00	-29615.12	-92598.16	988.28	-82297.85	-50125.00	-11609.46	-43453.52
8	Cairn india	-91717.75	-150864.06	62978.27	-68199	-989785.59	-175988.82	-1055140.86	-856524.80	-988271.85	-812185.26
9	Cipla	14893.58	-23441	18324.51	19670.31	-63160.2	8560.221	12988.3	25922.29	-76269	-844.538
10	Coal india	829813.87	829813.87	829813.87	829813.87	829813.87	829813.87	829813.87	829813.87	829813.87	829813.87
11	DLF	163490.17	-17523.70	130044.52	85540.70	-206455.37	-9672.60	-17915.78	-14222.98	-2181.11	-212.11
12	DR.Reddy's labs	-21514.1	5104.032	675.2597	-14903.8	-108751	16675.72	17620.49	7155.636	-27104.8	-5122.94
13	GAIL	-77767.3	277178.1	330658.6	-27047.7	-593486	-29845.8	-323717	-47496	-258450	52899.61
14	Grasim inds	4987.21	4987.21	4987.21	4987.21	4987.21	4987.21	4987.21	4987.21	4987.21	4987.21
15	HCL tech	-73623	-70916.2	10741.72	-30037	-300409	76560.79	19568.17	27766.72	-35138.2	-19413.6
16	Hero Motocorp	-10355.1	-13030	14169.8	12041.94	-25125.2	-12107.1	1118.839	12319.92	-17037.4	1852.846
17	Hind.unilever	-9989.36	10983.72	-49136.92	-12511.07	18167.42	37607.16	1585.12	-19272.11	-175797.86	51400.59
18	Hindalo inds	-95403.1	68409.52	92539.713	-8817.36	-412853	106573.2	-21444.1	38226.08	-29731.7	6490.299
19	Infosys	-965.88	21072.48	60357.39	-26434.43	-195327.75	42829.46	88299.78	-58236.83	-25907.80	-70169.26
20	ITC	-19667.51	-182185	-82611.93	-185258	-102169	66542.48	-92868.9	115016	-328723	-27430.4
21	Jindal steel	-4536.51	-25427.80	29645.15	11702.93	-212804.42	7148.92	-53539.16	-2103.60	-8639.70	-12084.13
22	JP associates	133585.9	-37990.6	103626.6	212791.8	-617340	182198.1	-220920	-10275.3	-249972	-28427.8
23	Larsen tubro	-47039.21	3958.30	36239.42	12056.67	-146358.15	62343.66	-44933.12	-11589.97	-30917.47	-12084.16
24	M&M	-4428.39	-42888.9	34781.47	-55530.3	-455282	126340.4	43904.92	-27630.3	-289426	5499.959
25	Maruti Suzuki	-59426.04	16506.27	4202.48	26672.17	-85323.00	15111.19	34.25	22865.03	-119419.35	-10559.19
26	NTPC	1879369.01	1714530.11	1776916.62	1292399.75	-455985.04	1119639.76	-1785554.45	-164343.11	-3042326.3	782996.56

27	ONGC	264061.95	-370879.41	99439.76	129641.90	-492070.49	562174.01	-152864.54	200194.82	-481092.47	53973.18
28	Power grid co	461726.53	465044.21	283310.23	606247.3	-261030	394345.6	1572546.2	-896494.4	-829051	-694326
29	Ranbaxy labs	53438.2772	19727.45	7915.594	34002.88	-288064	116774.5	-27244.7	47294.44	38418.49	4478802
30	Reliance inds	216908.59	93998.30	1174513.41	436112.47	-781971.43	614244.63	-798581.81	-817553.17	-782873.58	97975.58
31	Reliance infra	-49348.5	145682.2	64706.28	107600.3	-167156	139500.5	-340632	58861.38	-8002.06	60916.66
32	SAIL	-199716.58	1622539.92	2181617.9	1715297.29	-5653637	1925478.5	-2286127	-993636.4	-660791.8	-2480089
33	Sesa sterlie	-43600.96	22907.53	37321.71	42906.082	-268541	29692.679	-23927.2	-6911.41	-19771.3	-58380.3
34	Siemens	-290466.02	23895.68	15248.48	-5248.23	-107865.44	-26206.34	-4647.28	4862.69	-63050.15	-15030.65
35	Sun pharma inds	-59915.64	-31507.18	-15565.63	-10971.63	-51880.75	14161.32	-5067.79	-9630.78	-58307.08	-19821.00
36	Tata motors	-249707.5	-249707.5	-249707.5	-249707.5	-249707.5	-249707.5	-249707.5	-249707.5	-249707.5	-249707.5
37	Tata power co	35943.819	23074.425	72383.520	23742.493	-132944.98	78357.283	-251075.650	38398.356	-92259.633	25474.293
38	Tata steel	-144060.98	388233.16	327831.69	139318.75	-1585771	4284980.11	-4090480.27	154257.65	-93448.25	-184308.81
39	TCS	-39050.61	-65067.59	40251.83	-92626.85	-450416.62	76077.70	74921.26	-13048.67	-7592.42	-6213.61
40	Wipro	-59936	48986.811	81830.80	1065.6358	-428390.56	120851.234	80772.92	32706.96	-142975.9	-43189.28

4.4 CALCULATION OF METRIC DATA FOR THE EQUITY ECONOMIC VALUE ADDED OF SELECTED COMPANIES (2005 - 2014)

Economic value calculate on total capital, E-EVA is a modified to be an equity measure. If companies that earns a positive Equity- Eva which means the companies create more value for shareholders.

The below table 4.4 shows the Equity Economic Value Added of NSE Selected Companies in India from 2005-2014. The negative E-EVA presents that the Management has done a poor job of creating value with base of equity available to it, and reduced the Company's value below the amount of equity invested. The positive E-EVA shows that Management has done a good job of creating value with base of equity available to it, since investors have increased the company's value above the amount of equity invested.

S.No	Company Name	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
1	Acc ltd	-24,192.37	-20,965.32	-23027.7	-18,304.7	-16,236.4	-11,604.7	-10,716.80	-17,088	-9,776.10	-6,909.48
2	Ambuja cement	-30,142.26	-27,169.53	-25,606.3	-19,782.7	-17,356.9	-11,845.4	-12,665.17	-17,924.7	-13,257.17	-634.61
3	Assian paints	-5,58,888.4	-3,411.0	-2,453.7	-1,938.9	-1,472.3	-742.4	-664.8	-525.3	-376.7	-196.9
4	BHEL	-49,066.61	2,704.02	1,659.97	-11,623.59	-18,920.02	-15,845.56	-13,499.99	-5,597.95	-5,173.76	-2,369.12
5	Bajaj auto	-59,760.83	-53,008.07	-45,996.16	-39,270.84	-16,011.51	-6,736.92	-2,721.49	-2,721.49	-2,721.49	-2,721.49
6	Bharti airtel	-1,28,323.80	-1,11,663.16	-113224.56	-131415.52	-115526.86	-59,034.95	-68,063.12	-75,402.09	-38,208.01	-23,096.17
7	BPCL	-33,607.08	-20,890.82	-8,550.36	-5,848.14	-8,412.77	-5,622.07	-3,588.90	2,255.92	364.47	799.82
8	Cairn india	-55,127.24	-53,895.20	-64,173.45	-6,030.83	-75,693.91	-42,980.14	-38,890.08	-28,245.70	-28,087.77	-28,049.23
9	Cipla	-36,961.63	-30,727.35	-26,469.07	-24,111.10	-25,574.32	-19,013.58	-15,448.23	-15,636.45	-6,572.16	-3,482.69
10	Coal india	-1,99,980.95	-1,83,678.76	-211302.84	-217789.10	-199392.78	-199392.18	-200080.18	-200001.15	-200643.49	-19162.33
11	DLF	-28,428.84	-31,617.22	-32,856.57	-36,216.61	-52,716.24	-51,488.67	-90,542.80	-125776.92	-116902.30	-117144.37
12	DR.Reddy's labs	-46,098.73	-35,110.55	-27,588.22	-25,650.17	-22,815.57	-11,839.22	-9,100.39	-10,276.48	-5,072.78	-2,915.64
13	GAIL	-47,524.39	-36,957.93	-41,254.00	-55,304.71	-54,023.38	-35,360.28	-19,012.87	-16,519.80	-12,345.34	-10,654.89
14	Grasim inds	-27,983.56	-24,456.37	-24,771.31	-19,991.50	-19,233.70	-17,456.52	-16,802.13	-24,850.46	-18,601.87	-10,276.63
15	HCL tech	-99,582.68	-58,055.46	-34,407.77	-30,080.65	-25,291.84	-13,629.36	-14,630.67	-20,002.43	-8,762.10	-6,185.13
16	Hero Motocorp	-47,689.81	-34,111.76	-35,968.51	-34,824.04	-35,065.00	-25,680.92	-14,158.15	-12,922.46	-14,745.54	-11,796.41
17	Hind.unilever	-96,401.56	-65,970.27	-97,407.17	-67,217.02	-55,609.29	-54,332.52	-49,102.28	-43,254.03	-51,000.73	-33,607.17
18	Hindalo inds	-28,430.17	-18,574.44	-21,072.85	-31,170.91	-31,938.13	-13,048.85	-13,136.81	-14,434.80	-16,427.39	634.95
19	Infosys	-92,412.86	-73,440.73	-63,709.66	-74,820.57	-75,354.00	-47,293.48	-40,419.27	-52,870.47	-21,362.68	-14,090.04
20	ITC	-2,67,009.54	-2,46001.16	-187445.57	-1,41,91.87	-52,458.73	-36,426.87	-32,846.47	-29,136.73	-30,647.71	884.41
21	Jindal steel	-19,260.77	-24,339.29	-39,983.94	-53,449.22	-61,042.20	-4,804.21	-3,153.41	427.20	520.42	490.48
22	JP associates	-8,248.49	-10,728.99	-13,870.62	-14,012.51	-24,989.15	-12,317.99	-14,170.31	-2,030.05	-396.86	-65.17
23	Larsen tubro	-1,25,410.68	-52,774.91	-51,838.68	-58,332.30	-66,776.57	-45,702.85	-23,457.22	-21,708.80	-4,447.73	-1,685.12
24	M&M	-67,325.54	-51,850.13	-43,402.25	-41,598.72	-33,866.84	-8,550.28	-5,613.94	-8,359.03	-6,949.31	-1,240.20

25	Maruti Suzuki	-70,616.16	-42,406.70	-34,353.41	-30,839.80	-36,815.92	-30,953.94	-18,272.63	-23,888.57	-23,049.09	-13,079.57
26	NTPC	-99,420.00	-106746.60	-124023.63	-134495.30	-157254.26	-155852.72	-1,40,616.80	-143163.04	-96,816.50	-70,188.87
27	ONGC	-2,84,510.21	-2,31,152.20	-202456.45	-216242.61	-47,716.43	-36,612.14	-32,645.46	-34,205.21	-12,682.32	-8,811.67
28	Power grid co	-55,485.43	-40,999.85	-45,787.96	-41,668.72	-39,133.72	-40,073.79	-37,320.49	-51,868.09	-52,051.86	-52,379.91
29	Ranbaxy labs	-21,641.12	-17,005.91	-19,158.66	-19,537.86	-19,949.00	-11,404.28	-16,258.01	-13,997.63	-14,958.18	-8,611.71
30	Reliance inds	-2,82,042.88	-2,48,511.55	-226031.56	-263594.88	-317327.34	-129141.89	-1,34114.81	-119392.45	-59,875.69	-27,746.02
31	Reliance infra	-13,131.27	-8,475.85	864.13	-13,497.73	-24,402.38	-20,410.69	-25,498.54	-19,782.54	-10,375.99	-9,769.25
32	SAIL	-28,317.65	-22,463.52	-32,049.13	-48,427.81	-78,076.10	-53,078.36	-55,469.52	-60,086.73	-26,081.58	-16,563.21
33	Sesa sterlie	-67,920.11	-14,242.82	-14,392.67	-19,477.87	-30,068.10	-15,961.81	-11,096.27	-4,095.33	-4,585.91	-2,912.84
34	Siemens	-27,689.62	-19,285.74	-23,817.79	-27,411.87	-23,668.65	-13,120.17	-17,703.63	-10,883.08	-1,364.71	-449.65
35	Sun pharma inds	-1,44,868.83	-51,746.57	-31,007.39	-23,429.21	-3,096.84	-1,672.46	-1,936.87	-1,532.21	-1,201.49	-813.43
36	Tata motors	-1,21,853.39	-83,888.03	-66,940.06	-7,638.21	-6,045.82	-1,681.97	-1,172.93	-3,297.65	-4,184.56	-1,861.47
37	Tata power co	-18,938.05	-18,591.90	-23,071.95	-1,272.23	-1,409.29	-1,147.74	-1,151.40	-758.85	-199.60	96.84
38	Tata steel	-35,109.28	-24,264.13	-398292.18	-42,892.32	-45,204.88	-21,453.84	-38,079.44	-29,117.69	-20,025.26	-14,409.49
39	TCS	-4,47,948.11	-3,20,231.06	-232939.78	-212459.30	-164386.97	-39,679.27	-35,046.97	-53,243.37	-17,515.27	-14,971.45
40	Wipro	-1,29,804.25	-99,469.39	-91,544.79	-96,097.81	-57,461.23	-8,972.40	-31,967.92	-43,765.53	-42,450.28	-14,116.08

4.5 CALCULATION OF METRIC DATA FOR THE EARNING PER SHARE OF SELECTED COMPANIES (2005-2014)

Profit is only one more word for an organization's benefit – the money it has left over in the wake of paying every one of its costs. Shares of stock in that organization issue you a money on its income, and profit every offer lets you know precisely what amount is attributable to every extraordinary offer of stock.

High EPS implies that the number is a generally genuine representation of what the organization really earned (i.e. money created). In any case while assessing EPS slices through a considerable measure of the bookkeeping tricks, it doesn't absolutely kill the danger that the budgetary explanations are distorted. While it is getting to be harder to control the announcement of money streams, it can in any case be finished.

The higher the profit every offer, the better, in light of the fact that it implies the organization is producing more benefit for its shareholders. Regardless of the possibility that you don't really get any profits, a high EPS is still something to be thankful for. Benefits that aren't paid out in profits normally get reinvested in the organization. Reinvestment prompts development, which builds the estimation of the firm, which expands the estimation of the organization's shares

Organizations don't generally turn a benefit. Once in a while they lose money, in which case their profit are negative. At the point when profit are negative, then EPS will be negative, as well. A negative EPS lets you know precisely the amount of money the organization lost every offer of extraordinary stock, which is the reason you'll additionally see it called "net misfortune every offer

The below table 4.5 shows the EPS of NSE Selected Companies in India from 2005-2014. The negative EPS presents that the how much money company has lost per share of outstanding stock. The positive EPS shows that the company is generating more profit for their shareholders.

S.No	Company Name	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
								Table 4.5			

S.No	Company Name	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
1	Acc ltd	55.82	53.21	51.6	65.97	54.53	81.59	61.16	73.2	63.6	20.19
2	Ambuja cement	8.71	7.76	7.83	7.5	7.83	7.59	8.84	11.03	6.32	3.27
3	Assian paints	11.33	101.72	93.43	75.59	76.23	34.8	36.23	26.51	17.72	16.81
4	BHEL	13.66	26.12	27.72	117.69	84.15	61.22	55.82	94.86	66.57	37.86
5	Bajaj auto	103.58	97.53	96.51	108.92	111.05	41.5	48.84	0	0	0
6	Bharti airtel	16.36	13.42	14.93	20.16	24.65	40.45	32.9	21.27	10.62	6.53
7	BPCL	53.44	34.79	34.69	40.81	40.52	19.48	43.46	47.4	9.3	30.46
8	Cairn india	36.9	32.06	0.23	0	0	0.23	0	0	0	0
9	Cipla	16.95	18.43	13.67	11.5	13.14	9.65	8.68	8.25	19.54	13.16
10	Coal india	22.56	15.51	12.77	7.43	5.98	521.72	342.6	413.36	242.94	206.04
11	DLF	2.96	2.6	5.81	7.48	4.44	8.95	14.42	2.29	60.16	192.36
12	DR.Reddy's labs	110.51	71.98	51.57	50.98	48.25	32.25	27.62	69.45	26.82	7.85
13	GAIL	32.72	30.11	27.39	26.85	23.5	20.91	29.06	26.76	25.91	22.01
14	Grasim inds	96.75	132.51	127.03	127.38	224.49	175.26	239.03	163.68	91.36	94.34
15	HCL tech	83.87	51.16	26.19	16.17	14.9	13.69	10.19	15.37	17.5	8.18
16	Hero Motocorp	94.56	95.87	111.79	79.51	93.18	60.79	45.24	40.07	45.84	37.75
17	Hind.unilever	15.75	14.52	11.23	9.61	9	8.14	7.21	7.57	5.67	4.78
18	Hindalo inds	6.84	8.71	11.48	10.92	9.79	12.89	23.01	24.34	16.49	140.43
19	Infosys	167.47	151.79	139.93	102.35	96.92	97.74	72.5	64.35	81.41	68.96
20	ITC	10.03	8.5	7.15	5.72	8.98	8.02	7.68	6.65	5.58	83.92
21	Jindal steel	14.11	17	22.54	22.05	15.84	99.32	79.64	225.36	183.92	165.38
22	JP associates	1.87	2.18	4.75	5.43	7.89	7.45	5.04	18.37	29.38	11.45
23	Larsen tubro	58.42	78.4	71.11	63.15	70.83	57.71	71.73	47.65	70.58	71.94
24	M&M	61.91	55.22	47.16	43.69	35.58	30.6	44.54	43.1	35.26	44.02
25	Maruti Suzuki	90.11	77.85	55.37	77.98	85.43	41.57	59.03	53.29	40.65	29.25
26	NTPC	12.33	14.36	10.55	10.42	9.95	9.34	8.4	7.85	6.67	6.72

27	ONGC	24.21	22.94	27.81	20.7	72.96	69.96	72.65	68.4	94.89	85.61
28	Power grid co	8.16	8.7	6.69	5.54	4.6	3.81	3.24	3.09	269.62	240.18
29	Ranbaxy labs	0	0	0	26.95	13.6	0	15.11	9.02	4.81	26.06
30	Reliance inds	66.55	63.66	60.01	60.8	48.59	95.24	131.97	84.28	63.7	53.3
31	Reliance infra	59.2	74.76	74.86	39.25	46.62	49.27	44.97	34.16	29.92	27.4
32	SAIL	5.99	4.93	8.25	11.48	15.8	14.5	17.62	14.54	9.44	16.06
33	Sesa sterlie	3.63	1.37	19.24	38.91	24.94	24.29	371.42	147.72	131.43	114.33
34	Siemens	15.74	4.6	9.07	23.86	23.7	30.14	17.09	34.57	20.83	74.84
35	Sun pharma inds	0	4.14	15.7	12.79	41.1	58.75	47.16	31.57	24.06	15.94
36	Tata motors	0.75	0.7	3.34	25.51	36.93	18.81	50.52	47.1	37.59	32.44
37	Tata power co	3.92	4.2	4.76	38.98	37.95	40.21	38.19	33.59	29.66	26.8
38	Tata steel	65.33	50.79	67.07	69.93	54.97	66.75	61.06	69.95	61.51	60.91
39	TCS	90.15	61.59	51.89	36.32	25.26	45.53	43.69	36.66	53.63	36.6
40	Wipro	28.6	21.77	18.08	18.84	32.49	19.62	19.94	18.61	13.47	20.55

4.6 CALCULATION OF METRIC DATA FOR RETURN ON EQUITY OF SELECTED COMPANIES (2005-2014)

Profit for value is the measure of an organization's net pay came back to speculators. A business communicates this figure as a rate. ROE is a measure of the amount of benefit a business creates for its shareholders and speculators. It's feasible for a business to have a negative net pay or a budgetary misfortune if the organization has more obligation commitments and working costs than income. A negative net wage has an expansive effect on ROE as financial specialists likely lose cash in light of the fact that the business has no money left over to pay them. The return on equity ratio or ROE is a gainfulness proportion that measures the capacity of a firm to create benefits from its shareholders interests in the organization. As such, the return on equity ratio on value degree demonstrates the amount of benefit every dollar of basic stockholders' value produces.

The below table 4.6 shows the ROE of NSE Selected Companies in India from 2005-2014. The negative ROE presents that the companies has not generate profit from its shareholders investments. The positive ROE means the companies has generate profit from its shareholders investments.

S.No	Company Name	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
										Table 4.6	
1	Acc ltd	14.55	14.41	16.9	19.4	17.94	29.36	26.71	35.12	41.57	22.08
2	Ambuja cement	15.28	14.16	16.91	15.96	18.31	20.07	22.72	29.02	35.36	22.3
3	Assian paints	35.3	38.11	42.95	43.89	58.42	35.82	44.86	39.82	34.76	31.5
4	BHEL	10.9	23.7	30.93	33.33	29.88	26.47	29.23	30.02	25.2	16.84
5	Bajaj auto	37.05	43.66	54.86	70.16	70.98	44.5	47.61	0	0	0
6	Bharti airtel	10.92	9.84	12.25	19.09	29.28	32.35	39.46	43.04	31.82	23.88
7	BPCL	22.5	16.75	9.05	11.4	12.2	8.41	14.4	18.66	3.77	15.78
8	Cairn india	20.48	19.56	-0.36	0	0	-0.04	0	0	0	0
9	Cipla	14.66	18.38	15.89	15.36	21.11	19.21	20.12	25.69	34.55	25.7
10	Coal india	81.21	48.87	43.15	28.12	25.54	24.93	20.12	24.72	15.75	13
11	DLF	5.65	2.84	5.95	9.53	6.071	3.094	3.196	2.934	4.211	9.29
12	DR.Reddy's labs	22.59	17.45	14.33	14.97	15.14	11.14	10.35	35.47	8.57	2.77
13	GAIL	17.06	17.54	17.88	19.76	19.89	20.19	21.33	22.34	24.84	24.32
14	Grasim inds	7.85	9.95	12.27	15.47	21.16	18.71	27.92	27.42	18.56	22.34
15	HCL tech	46.05	43.99	31.29	22.2	25.08	29.76	20.72	36.72	20.72	12.78
16	Hero Motocorp	39.77	40.71	65.64	60.05	61.43	37.77	35.48	38.3	55.46	61.58
17	Hind.unilever	130.01	103.11	87.23	87.99	94.84	114.14	82.61	61.46	64.05	56.61
18	Hindalo inds	4	4.17	7.25	7.42	7.41	10.83	19.17	23.28	19.17	18.31
19	Infosys	26.09	27.7	31.22	27.69	29.13	37.18	36.26	41.9	39.89	44.82
20	ITC	36.27	36.21	35.58	33.35	29.33	25.42	27.88	27.86	26.55	25.91
21	Jindal steel	10.17	13.73	21.61	26.75	24.34	33.63	39.89	32.58	36.3	47.45
22	JP associates	0.46	3.49	9.64	9.55	12.53	16.87	17.79	17.62	20.76	18.12
23	Larsen tubro	15.55	14.56	18.95	17.7	21.48	23.96	28.47	27.11	21.27	22.7
24	M&M	23.92	25.08	25.71	29.39	31.96	18.1	24.05	33.2	28.03	27.47
25	Maruti Suzuki	12.4	12.48	10.06	17.81	23.58	12.08	22.67	25.38	24.19	21.42

26	NTPC	13.21	16.42	13.07	13.97	14.57	14.91	14.65	14.68	14.93	14.85
27	ONGC	16.92	17.63	23.87	20.48	20.2	21.59	25.2	27	28.63	29.71
28	Power grid co	14.82	17.03	14.51	14.38	13.17	11.82	12.99	11.77	10.65	8.99
29	Ranbaxy labs	0	0	0	21.15	14.11	0	25.27	16.1	7.06	21.88
30	Reliance inds	11.69	12.28	12.97	14.78	13.37	15.69	21.64	22.45	21.9	21.82
31	Reliance infra	6.4	8.55	11.32	6.8	7.42	10.19	11.02	10.17	10.23	9.41
32	SAIL	4.42	5.37	9.22	13.94	21.98	24.1	37.33	41.47	35.04	88.85
33	Sesa sterlie	4.61	0.93	13.71	36.52	36.12	53.15	69.44	46.82	59.66	88.94
34	Siemens	6.87	4.42	11.06	23.19	25.88	35.3	27.44	39.82	38.59	36.74
35	Sun pharma inds	-0.78	6.59	23.32	22.32	16.54	27.04	30.47	32.15	35.93	31.38
36	Tata motors	-6.16	2.81	8.32	10.37	11.32	5.34	23.91	30.98	31.36	32.12
37	Tata power co	7.58	8.51	10.14	8.61	9.72	8.21	8.08	12.03	8.7	7.37
38	Tata steel	11.02	9.43	13.51	16.36	14.19	21.88	25.97	35.4	41.7	60.02
39	TCS	48.22	44.63	49.53	43.83	39.5	38.67	47.55	54.98	60.85	108.75
40	Wipro	27.57	23.26	20.52	24.83	32.43	24.71	29.35	36.11	35.72	35.59

Table 4.7 RANKING OF 40 NSE COMPANIES ON THE BASIS OF ECONOMIC VALUE ADDED

Table 4.7			
Company Name	**Count of Year**	**Avg. of EVA**	**RANK**
ACC LTD	10	-8891.93	34
AMBUJA CEM	10	-6589.38	32
ASSIAN PAINTS	10	-2542.81	28
BAJAJ AUTO	10	-11881.43	36
BHARTI AIRTEL	10	-1986.08	25
BHEL	10	4523.54	6
BPCL	10	1068.86	10
CAIRN INDIS	10	-83881.69	40
CIPLA	10	-655.16	22
COAL INDIA	10	8706.52	5
DLF	10	853.97	12
DR.READY LABS	10	-343.94	20
GAIL	10	-3997.13	30
GRAISM INDS	10	944.83	11
HCL TECH	10	-3627.86	29
HERO MOTOCORP	10	3.52	16
HINDALCO INDS	10	-49.35	17
HINDUSTAN UNILEVER	10	-2519.08	27
INFOSYS	10	-8995.97	35
ITC	10	-18215.17	37
JINDEL STEEL	10	796.02	13
JP ASSOCIATES	10	-209.12	18
LARSEN &TOUBRO	10	1422.21	8
M&M	10	-1158.79	23
MARUTI SUZUKI	10	-2136.62	26
NTPC	10	17743.36	1
ONGC	10	9257.41	4
POWER GRID CORPN	10	3805.37	7
RANBAXY LABS	10	13797.41	2
RELIANCE INDS	10	13025.73	3
RELIANCE INFRA	10	466.91	15
SAIL	10	-6803.47	33
SESA STERLITE	10	-1482.46	24
SIEMENS	10	-26001.55	39
SUN PHARMA INDS	10	-5109.95	31
TATA MOTORS	10	-617.57	21
TATA POWER CO.	10	-325.15	19

TATA STEEL	10	1317.95	9
TCS	10	-21652.45	38
WIPRO	10	771.10	14

Table: 4.7.1. RANKING OF 40 NSE COMPANIES ON THE BASIS OF MARKET VALUE ADDED

Table 4.7.1			
Company Name	Count Of Year	Avg. Of MVA	RANK
ACC LTD	10	-25024.65	19
AMBUJA CEM	10	-272494.09	38
ASSIAN PAINTS	10	448106.50	1
BAJAJ AUTO	10	311764.28	2
BHARTI AIRTEL	10	-18742.13	16
BHEL	10	-18933.62	17
BPCL	10	-30827.73	24
CAIRN INDIS	10	-39489.93	25
CIPLA	10	-54722.70	31
COAL INDIA	10	-190557.94	37
DLF	10	-16448.29	12
DR.READY LABS	10	-81192.25	35
GAIL	10	1212.85	6
GRAISM INDS	10	-4039.34	8
HCL TECH	10	-53272.36	29
HERO MOTOCORP	10	267220.65	3
HINDALCO INDS	10	-28830.45	23
HINDUSTAN UNILEVER	10	-83935.47	36
INFOSYS	10	-13016.56	10
ITC	10	-41469.82	26
JINDEL STEEL	10	-512569.97	40
JP ASSOCIATES	10	-17890.61	14
LARSEN &TOUBRO	10	-482906.47	39
M&M	10	-80344.79	34
MARUTI SUZUKI	10	-48276.56	28
NTPC	10	-24850.62	18
ONGC	10	-27063.83	21
POWER GRID CORPN	10	11089.17	5
RANBAXY LABS	10	-3615.14	7
RELIANCE INDS	10	-14696.33	11
RELIANCE INFRA	10	-66465.92	32
SAIL	10	-54249.79	30

SESA STERLITE	10	-25601.08	20
SIEMENS	10	-17832.40	13
SUN PHARMA INDS	10	-6335.55	9
TATA MOTORS	10	-69707.29	33
TATA POWER CO.	10	110231.93	4
TATA STEEL	10	-28373.41	22
TCS	10	-46850.73	27
WIPRO	10	-18507.44	15

Table: 4.7.2 RANKING OF 40 NSE COMPANIES ON THE BASIS OF REFINED ECONOMIC VALUE ADDED

Table 4.7.2			
Company Name	Count Of Year	Avg. Of REVA	RANK
ACC LTD	10	25.12	29
AMBUJA CEM	10	13.30	33
ASSIAN PAINTS	10	25.44	27
BAJAJ AUTO	10	11.86	34
BHARTI AIRTEL	10	70.46	7
BHEL	10	26.49	24
BPCL	10	66.15	8
CAIRN INDIS	10	9.66	35
CIPLA	10	25.72	26
COAL INDIA	10	104.34	3
DLF	10	15.22	32
DR.READY LABS	10	48.04	19
GAIL	10	58.57	12
GRAISM INDS	10	21.20	30
HCL TECH	10	7.67	39
HERO MOTOCORP	10	55.36	15
HINDALCO INDS	10	6.94	40
HINDUSTAN UNILEVER	10	84.52	5
INFOSYS	10	20.13	31
ITC	10	58.09	13
JINDEL STEEL	10	147.18	2
JP ASSOCIATES	10	30.15	22
LARSEN &TOUBRO	10	62.83	9
M&M	10	48.13	18
MARUTI SUZUKI	10	35.44	21
NTPC	10	56.01	14
ONGC	10	26.52	23

POWER GRID CORPN	10	61.05	10
RANBAXY LABS	10	179.09	1
RELIANCE INDS	10	49.73	16
RELIANCE INFRA	10	87.73	4
SAIL	10	49.04	17
SESA STERLITE	10	25.83	25
SIEMENS	10	72.81	6
SUN PHARMA INDS	10	9.38	37
TATA MOTORS	10	44.11	20
TATA POWER CO.	10	25.37	28
TATA STEEL	10	9.35	38
TCS	10	60.79	11
WIPRO	10	9.56	36

Table 4.7.3 RANKING OF 40 NSE COMPANIES ON THE BASIS OF EQUITY ECONOMIC VALUE ADDED

Table 4.7.3			
Company Name	Count of Year	Avg. of E-EVA	RANK
ACC LTD	10	21.01	25
AMBUJA CEM	10	26.69	15
ASSIAN PAINTS	10	25.65	16
BAJAJ AUTO	10	53.65	2
BHARTI AIRTEL	10	21.07	24
BHEL	10	21.18	23
BPCL	10	29.01	11
CAIRN INDIS	10	9.15	38
CIPLA	10	23.80	20
COAL INDIA	10	13.01	34
DLF	10	40.99	4
DR.READY LABS	10	22.50	22
GAIL	10	30.44	10
GRAISM INDS	10	40.54	6
HCL TECH	10	24.95	18
HERO MOTOCORP	10	10.56	37
HINDALCO INDS	10	18.17	28
HINDUSTAN UNILEVER	10	18.21	27
INFOSYS	10	28.93	12
ITC	10	16.86	29
JINDEL STEEL	10	28.17	14
JP ASSOCIATES	10	88.21	1

LARSEN &TOUBRO	10	12.68	35
M&M	10	23.12	21
MARUTI SUZUKI	10	20.52	26
NTPC	10	32.54	9
ONGC	10	13.29	33
POWER GRID CORPN	10	36.88	7
RANBAXY LABS	10	24.93	19
RELIANCE INDS	10	49.62	3
RELIANCE INFRA	10	15.04	31
SAIL	10	12.10	36
SESA STERLITE	10	14.53	32
SIEMENS	10	40.54	5
SUN PHARMA INDS	10	34.19	8
TATA MOTORS	10	8.90	39
TATA POWER CO.	10	25.19	17
TATA STEEL	10	3.96	40
TCS	10	15.28	30
WIPRO	10	28.65	13

Table 4.7.4 RANKING OF 40 NSE COMPANIES ON THE BASIS OF RETURN ON EQUITY

Table 4.7.4			
Company Name	Count of Year	Avg.of ROE	RANK
ACC LTD	10	20.52	26
AMBUJA CEM	10	53.65	2
ASSIAN PAINTS	10	12.10	36
BAJAJ AUTO	10	32.54	9
BHARTI AIRTEL	10	9.15	38
BHEL	10	15.28	30
BPCL	10	28.65	13
CAIRN INDIS	10	29.01	11
CIPLA	10	40.99	4
COAL INDIA	10	23.80	20
DLF	10	12.68	35
DR.READY LABS	10	49.62	3
GAIL	10	21.18	23
GRAISM INDS	10	21.01	25
HCL TECH	10	14.53	32

HERO MOTOCORP	10	25.19	17
HINDALCO INDS	10	26.69	15
HINDUSTAN UNILEVER	10	24.95	18
INFOSYS	10	40.54	5
ITC	10	28.17	14
JINDEL STEEL	10	36.88	7
JP ASSOCIATES	10	8.90	39
LARSEN &TOUBRO	10	13.29	33
M&M	10	30.44	10
MARUTI SUZUKI	10	21.07	24
NTPC	10	22.50	22
ONGC	10	18.17	28
POWER GRID CORPN	10	28.93	12
RANBAXY LABS	10	15.04	31
RELIANCE INDS	10	40.54	6
RELIANCE INFRA	10	34.19	8
SAIL	10	24.93	19
SESA STERLITE	10	25.65	16
SIEMENS	10	23.12	21
SUN PHARMA INDS	10	10.56	37
TATA MOTORS	10	13.01	34
TATA POWER CO.	10	18.21	27
TATA STEEL	10	3.96	40
TCS	10	88.21	1
WIPRO	10	16.86	29

Table 4.7.5 RANKING OF 40 NSE COMPANIES ON THE BASIS OF EARNING PER SHARE

Table 4.7.5			
Company Name	**Count of Year**	**Avg.of EPS**	**RANK**
ACC LTD	10	58.09	13
AMBUJA CEM	10	7.67	39
ASSIAN PAINTS	10	49.04	17
BAJAJ AUTO	10	60.79	11
BHARTI AIRTEL	10	20.13	31
BHEL	10	58.57	12
BPCL	10	35.44	21
CAIRN INDIS	10	6.94	40
CIPLA	10	13.30	33
COAL INDIA	10	179.09	1

DLF	10	30.15	22
DR.READY LABS	10	49.73	16
GAIL	10	26.52	23
GRAISM INDS	10	147.18	2
HCL TECH	10	25.72	26
HERO MOTOCORP	10	70.46	7
HINDALCO INDS	10	26.49	24
HINDUSTAN UNILEVER	10	9.35	38
INFOSYS	10	104.34	3
ITC	10	15.22	32
JINDEL STEEL	10	84.52	5
JP ASSOCIATES	10	9.38	37
LARSEN &TOUBRO	10	66.15	8
M&M	10	44.11	20
MARUTI SUZUKI	10	61.05	10
NTPC	10	9.66	35
ONGC	10	56.01	14
POWER GRID CORPN	10	55.36	15
RANBAXY LABS	10	9.56	36
RELIANCE INDS	10	72.81	6
RELIANCE INFRA	10	48.04	19
SAIL	10	11.86	34
SESA STERLITE	10	87.73	4
SIEMENS	10	25.44	27
SUN PHARMA INDS	10	25.12	29
TATA MOTORS	10	25.37	28
TATA POWER CO.	10	25.83	25
TATA STEEL	10	62.83	9
TCS	10	48.13	18
WIPRO	10	21.20	30

4.8 RELATION OF RETURN ON EQUITY and EARNING PER SHARE

Table 4.8.1: Correlation between ROE and EPS of ACC LTD

ACC LTD		ROE	EPS
ROE	Pearson Correlation	1	0.422591
	Sig. (2-tailed)		.000
	N	10	10
EPS	Pearson Correlation	0.422591	1
	Sig. (2-tailed)	.000	
	N	10	10

The above table 4.8.1 shows a positive correlation between Return on Equity and Earning per share which means That Associated Cement Companies Limited generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.2: Correlation between ROE and EPS of AMBUJA CEMENT

AMBUJA CEMENT		ROE	EPS
ROE	Pearson Correlation	1	-0.02405
	Sig. (2-tailed)		.000
	N	10	10
EPS	Pearson Correlation	-0.02405	1
	Sig. (2-tailed)	.000	
	N	10	10

The above table 4.8.2 Shows a negative correlation between Return on Equity and Earning per share which means that Ambuja Cement Ltd. is not generating wealth for their shareholder so that investor should switch to some other value generating companies.

Table 4.8.3: Correlation between ROE and EPS of ASSIAN PAINTS

ASSIAN PAINTS		ROE	EPS
ROE	Pearson Correlation	1	0.53231
	Sig. (2-tailed)		.000
	N	10	10
EPS	Pearson Correlation	0.53231	1
	Sig. (2-tailed)	.000	
	N	10	10

The above table 4.8.3 Shows a positive correlation between Return on Equity and Earning per share which means that ASSIAN PAINTS generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.4: Correlation between ROE and EPS of BHEL

BHEL		ROE	EPS
ROE	Pearson Correlation	1	0.696472
	Sig. (2-tailed)		.000
	N	10	10
EPS	Pearson Correlation	0.696472	1
	Sig. (2-tailed)	.000	
	N	10	10

The above table 4.8.4 Shows a positive correlation between ROE and EPS which means that BHEL generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.5: Correlation between ROE and EPS of BPCL

BPCL		ROE	EPS
ROE	Pearson Correlation	1	0.832064
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	0.832064	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.5 Shows a positive correlation between ROE and EPS which means that BPCL generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.6: Correlation between ROE and EPS of BAJAJ AUTO

BAJAJ AUTO		ROE	EPS
ROE	Pearson Correlation	1	0.888514
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	0.888514	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.6 Shows a positive correlation between ROE and EPS which means that BAJAJ AUTO generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.7: Correlation between ROE and EPS of BHARTI AIRTEL

BHARTI AIRTEL	ROE	EPS
ROE Pearson Correlation	1	0.49204
Sig. (2-tailed)		.000
N	10	
EPS Pearson Correlation	0.49204	1
Sig. (2-tailed)	.000	
N	10	10

The table show 4.8.7 Shows a positive correlation between ROE and EPS which means that BHARTI AIRTEL Generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.8: Correlation between ROE and EPS of CAIRN INDIS

CAIRN INDIS	ROE	EPS
ROE Pearson Correlation	1	0.998436
Sig. (2-tailed)		.000
N	10	
EPS Pearson Correlation	0.998436	1
Sig. (2-tailed)	.000	
N	10	10

The table 4.8.8 Shows a positive correlation between ROE and EPS which means that CAIRN INDIS Generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.9: Correlation between ROE and EPS of CIPLA

CIPLA		ROE	EPS
ROE	Pearson Correlation	1	0.194152
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	0.194152	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.9 Shows a positive correlation between ROE and EPS which means that CIPLA Generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.10: Correlation between ROE and EPS of DLF

DLF		ROE	EPS
ROE	Pearson Correlation	1	0.750537
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	0.750537	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.10 Shows a positive correlation between ROE and EPS which means that DLF Generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.11: Correlation between ROE and EPS of DR.READY LABS

DR.READY LABS		ROE	EPS
ROE	Pearson Correlation	1	0.749663
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	0.749663	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.11 Shows a positive correlation between ROE and EPS which means that DR.READY LABS Generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.12: Correlation between ROE and EPS of GAIL

GAIL		ROE	EPS
ROE	Pearson Correlation	1	-0.54195
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	-0.54195	1
	Sig. (2-tailed)	.000	
	N	10	10

The table show 4.8.12 Shows a negative correlation between Return on Equity and Earning per share which means that GAIL is not generating wealth for their shareholder so that investor should switch to some other value generating companies.

Table 4.8.13: Correlation between ROE and EPS of GRASIM INDS

GRASIM INDS		ROE	EPS
ROE	Pearson Correlation	1	0.574057
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	0.574057	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.13 shows a positive correlation between ROE and EPS which means that GRASIM IMDS Generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.14: Correlation between ROE and EPS of HCL TECH

HCL TECH		ROE	EPS
ROE	Pearson Correlation	1	0.811984
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	0.811984	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.14 shows a positive correlation between ROE and EPS which means that HCL TECH Generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.15: Correlation between ROE and EPS of HERO MOTOCOR

HERO MOTOCORP		ROE	EPS
ROE	Pearson Correlation	1	0.278789
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	0.278789	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.15 Shows a positive correlation between ROE and EPS which means that HERO MOTOCORP Generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.16: Correlation between ROE and EPS of HINDUSTAN UNILEVER

HINDUSTAN UNILEVER		ROE	EPS
ROE	Pearson Correlation	1	0.792301911
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	0.792301911	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.16 Shows a positive correlation between ROE and EPS which means that HINDUSTAN UNILEVER generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.17: Correlation between ROE and EPS of HINDALCO INDS

HINDALCO INDS		ROE	EPS
ROE	Pearson Correlation	1	0.433434006
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	0.433434006	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.17 shows a positive correlation between ROE and EPS which means that HINDALCO INDS generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.18: Correlation between ROE and EPS of INFOSYS

INFOSYS		ROE	EPS
ROE	Pearson Correlation	1	-0.807833502
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	-0.807833502	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.18 Shows a negative correlation between Return on Equity and Earning per share which means that INFOSYS is not generating wealth for their shareholder so that investor should switch to some other value generating companies.

Table 4.8.19: Correlation between ROE and EPS of JINDEL STEEL

JINDEL STEEL		ROE	EPS
ROE	Pearson Correlation	1	0.713495433
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	0.713495433	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.19 Shows a positive correlation between ROE and EPS which means that JINDEL STEEL generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.20: Correlation between ROE and EPS of JINDEL STEEL

JP ASSOCIATES		ROE	EPS
ROE	Pearson Correlation	1	0.711985005
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	0.711985005	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.20 Shows a positive correlation between ROE and EPS which means that JP ASSOCIATES generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.21: Correlation between ROE and EPS of LARSEN&TOUBRO

LARSEN&TOUBRO	ROE	EPS
ROE Pearson Correlation	1	-0.31449792
Sig. (2-tailed)		.000
N	10	
EPS Pearson Correlation	-0.31449792	1
Sig. (2-tailed)	.000	
N	10	10

The table 4.8.21 Shows a negative correlation between Return on Equity and Earning per share which means that LARSEN&TOUBRO is not generating wealth for their shareholder so that investor should switch to some other value generating companies.

Table 4.8.22: Correlation between ROE and EPS of M&M

M&M	ROE	EPS
ROE Pearson Correlation	1	-0.05408364
Sig. (2-tailed)		.000
N	10	
EPS Pearson Correlation	-0.05408364	1
Sig. (2-tailed)	.000	
N	10	10

The table 4.8.22 Shows a negative correlation between Return on Equity and Earning per share which means that M&M is not generating wealth for their shareholder so that investor should switch to some other value generating companies.

Table 4.8.23: Correlation between ROE and EPS of MARTI SUZUKI

MARUTI SUZUKI		ROE	EPS
ROE	Pearson Correlation	1	-0.237084204
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	-0.237084204	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.23 Shows a negative correlation between Return on Equity and Earning per share which means that MARTI SUZUKI is not generating wealth for their shareholder so that investor should switch to some other value generating companies.

Table 4.8.24: Correlation between ROE and EPS of NTPC

NTPC		ROE	EPS
ROE	Pearson Correlation	1	0.046134032
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	0.046134032	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.24 Shows a positive correlation between ROE and EPS which means that NTPC generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.25: Correlation between ROE and EPS of ONGC

ONGC		ROE	EPS
ROE	Pearson Correlation	1	0.752786
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	0.752786	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.25 Shows a positive correlation between ROE and EPS which means that ONGC generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.26: Correlation between ROE and EPS of POWER GRID CORP.

POWER GRID CORPN		ROE	EPS
ROE	Pearson Correlation	1	-0.70264
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	-0.70264	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.26 Shows a negative correlation between Return on Equity and Earning per share which means that POWER GRID CORPN is not generating wealth for their shareholder so that investor should switch to some other value generating companies.

Table 4.8.27: Correlation between ROE and EPS of RANBAXY LABS

RANBAXY LABS		ROE	EPS
ROE	Pearson Correlation	1	0.898841
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	0.898841	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.27 Shows a positive correlation between ROE and EPS which means that RANBAXY LABS generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them

Table 4.8.28: Correlation between ROE and EPS of RELIANCE INDS

RELIANCE INDS		ROE	EPS
ROE	Pearson Correlation	1	0.403969
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	0.403969	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.28 show a positive correlation between ROE and EPS which means that RELIANCE INDS generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.29: Correlation between ROE and EPS of RELIANCE INFRA

RELIANCE INFRA\		ROE	EPS
ROE	Pearson Correlation	1	-0.03326
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	-0.03326	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.29 shows a negative correlation between Return on Equity and Earning per share which means that RELIANCE INFRA is not generating wealth for their shareholder so that investor should switch to some other value generating companies.

Table 4.8.30: Correlation between ROE and EPS of SAIL

SAIL		ROE	EPS
ROE	Pearson Correlation	1	0.651213
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	0.651213	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.30 a positive correlation between ROE and EPS which means that SAIL generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.31: Correlation between ROE and EPS of SESA STERLITE

SESA STERLITE		ROE	EPS
ROE	Pearson Correlation	1	0.637824
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	0.637824	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.31 show a positive correlation between ROE and EPS which means that SESA STERLIT generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.32: Correlation between ROE and EPS of SIEMENS

SIEMENS		ROE	EPS
ROE	Pearson Correlation	1	0.644899
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	0.644899	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.32 show a positive correlation between ROE and EPS which means that SIEMENS generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.33: Correlation between ROE and EPS of SUN PHARMA INDS

SUN PHARMA INDS		ROE	EPS
ROE	Pearson Correlation	1	0.543075
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	0.543075	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.33 show a positive correlation between ROE and EPS which means that SUN PHARMA INDS generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.34: Correlation between ROE and EPS of TATA MOTORS

TATA MOTORS	ROE	EPS
ROE Pearson Correlation	1	0.817564
Sig. (2-tailed)		.000
N	10	
EPS Pearson Correlation	0.81764	1
Sig. (2-tailed)	.000	
N	10	10

The table 4.8.34 show a positive correlation between ROE and EPS which means that TATA MOTORS generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.35: Correlation between ROE and EPS of TATA POWER CO.

TATA POWER CO.	ROE	EPS
ROE Pearson Correlation	1	0.099712
Sig. (2-tailed)		.000
N	10	
EPS Pearson Correlation	0.099712	1
Sig. (2-tailed)	.000	
N	10	10

The table 4.8.35 show a positive correlation between ROE and EPS which means that TATA POWER CO generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.36: Correlation between ROE and EPS of TATA STEEL

TATA STEEL		ROE	EPS
ROE	Pearson Correlation	1	0.106598
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	0.106598	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.36 show a positive correlation between ROE and EPS which means that g TATA STEEL generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

Table 4.8.37: Correlation between ROE and EPS of TCS

TCS		ROE	EPS
ROE	Pearson Correlation	1	-0.14108
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	-0.14108	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.37 shows a negative correlation between Return on Equity and Earning per share which means that TCS is not generating wealth for their shareholder so that investor should switch to some other value generating companies.

Table 4.8.38: Correlation between ROE and EPS of WIPRO

WIPRO		ROE	EPS
ROE	Pearson Correlation	1	-0.0254
	Sig. (2-tailed)		.000
	N	10	
EPS	Pearson Correlation	-0.0254	1
	Sig. (2-tailed)	.000	
	N	10	10

The table 4.8.38 shows a negative correlation between Return on Equity and Earning per share which means that is not generating wealth for their shareholder so that investor should switch to some other value generating companies.

4.9 COMPARING THE EFFECT OF RETURN ON EQUITY AND EARNING PER SHARE.

S.NO	Company Name	Relationship between ROE and EPS
	Table 4.9	
S.NO	**Company Name**	**Relationship between ROE and EPS**
1	ACC LTD	Positive
2	AMBUJA CEM	Negative
3	ASSIAN PAINTS	Positive
4	BAJAJ AUTO	Positive
5	BHARTI AIRTEL	Positive
6	BHEL	Positive
7	BPCL	Positive
8	CAIRN INDIS	Positive
9	CIPLA	Positive
10	COAL INDIA	Negative
11	DLF	Positive
12	DR.READY LABS	Positive
13	GAIL	Negative
14	GRAISM INDS	Positive
15	HCL TECH	Positive
16	HERO MOTOCORP	Positive
17	HINDALCO INDS	Positive
18	HINDUSTAN UNILEVER	Positive
19	INFOSYS	Negative

20	ITC	Negative
21	JINDEL STEEL	Positive
22	JP ASSOCIATES	Positive
23	LARSEN &TOUBRO	Negative
24	M&M	Negative
25	MARUTI SUZUKI	Negative
26	NTPC	Positive
27	ONGC	Positive
28	POWER GRID CORPN	Negative
29	RANBAXY LABS	Positive
30	RELIANCE INDS	Negative
31	RELIANCE INFRA	Positive
32	SAIL	Positive
33	SESA STERLITE	Positive
34	SIEMENS	Positive
35	SUN PHARMA INDS	Positive
36	TATA MOTORS	Positive
37	TATA POWER CO.	Positive
38	TATA STEEL	Positive
39	TCS	Negative
40	WIPRO	Negative

4.10 Impact of Return on Equity and Earning Per Share on EVA, MVA, REVA, E-EVA

There are situation which do arise in financial modelling where we have data comprising of both time series and cross-sectional elements and such a dataset would be known as a panel of data or longitudinal data. A panel of data consists of information across both time and space. A panel keeps the same individuals or objects and measures some quantity about them over time. This part will present and discuss the important feature of panel analysis and will describe the techniques used to model such type of data.

Econometrically the setup we may have is as described in the following equation

$$Y_{it} = \alpha + \beta_1 x_i + \beta_2 x_{i2} + \beta_3 x_{i3} + \beta_4 x_{i4} + u_{it}$$

Where y_{it} is the dependent variable (here our two dependent variable ROE,EPS) ,α is the intercept term is a k *1 vector of parameters to be estimated on the explanatory

variable (our explanatory variable are EVA,MVA,REVA,E-EVA) and x_it is a 1*k vector of observations on explanatory variable =,...,T;i =1,...,N^2

The least difficult approach to manage such information would be to gauge a pooled relapse, which would include assessing a solitary mathematical statement on all the information together so that the dataset for $^\gamma$ is stacked up into a solitary section containing all the cross-sectional and time arrangement perceptions, and comparatively the majority of the perceptions on every logical variable would be stacked up into single segments in the x framework. While this is undoubtedly a basic approach to continue and requires the estimation of as couple of parameters as would be prudent it has some limit. In particular pooling the information along these lines certainly accept that the normal estimations of the variable and the relationship between them are steady after some time and over the greater part of the cross-sectional units in the specimen. We could obviously, gauge separate time arrangement relapses for each of items or substances yet this is liable to be a problematic approach to continue since this methodology would not consider any basic structure show in the arrangement of hobby. Elective we could gauge separate cross-sectional relapses for each of the time periods, however again this may not be shrewd if there is some normal variety in the arrangement over time. If we are sufficiently blessed to have a board of information available to us, there are critical favourable circumstances to making full utilization of this rich structure making use of panel data is an appropriate way to deal with the phenomenon.

Now in our case, we are going to apply the pooled regression. The two dependent variable are:

   (a) EPS

   (b) ROE

And four explanatory variable (EVA,MVA,REVA,E-EVA)

4.10.1 POOLED REGRESSION OF EPS ON (EVA,MVA,REVA,E-EVA)

Dependent Variable: EPS		
Method: Pooled Least Squares		
Date: 04/08/15 Time: 22:11		
Sample (adjusted): 3/01/2005 3/01/2014		
Included observations: 389 after adjustments		
Cross-sections included: 39		

Total pool (balanced) observations: 15171				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	46.18741	0.609929	75.72589	0.0000
E_EVA	0.000109	1.42	7.714376	0.0000
EVA	0.000163	1.77	9.209411	0.0000
MVA	0.000243	1.61	15.12347	0.0000
REVA	-4.08	8.62	-4.738765	0.0000
Fixed Effects (Cross)				
ACCLTD--C	1.31E-14			
AMBUJACEM--C	1.31E-14			
ASIANPAINTS--C	1.31E-14			
BHEL--C	1.31E-14			
BPCL--C	1.31E-14			
BAJAJAUTO--C	1.31E-14			
BHARTIAIRTEL--C	1.31E-14			
CAIRININDIS--C	1.31E-14			
CIPLA--C	1.31E-14			
COALINDIA--C	1.31E-14			
DLF—C	1.31E-14			
DRREADYLABS--C	1.31E-14			
GAIL--C	1.31E-14			
GRASIMINDS--C	1.31E-14			
HCLTECH--C	1.31E-14			
HEROMOTORCORP--C	1.31E-14			
HINDUSTANUNILEVER--C	1.31E-14			
HINDALCOINDS--C	1.31E-14			
INFOSYS--C	1.31E-14			
ITC—C	1.31E-14			
JINDALSTEEL--C	1.31E-14			
JPASSOSCIATES--C	1.31E-14			
LARSEN&TOURBO--C	1.31E-14			
M&M--C	1.31E-14			
MARUTISUZUKI--C	1.31E-14			
NTPC--C	1.31E-14			
ONGC--C	1.31E-14			
POWERGRIDCORPN--C	1.31E-14			
RANBAXYLABS--C	1.31E-14			
RELIANCEINDS--C	1.31E-14			
RELIANCEINFRA--C	1.31E-14			
SESASTERLITE--C	1.31E-14			
SAIL--C	1.31E-14			
SIEMENS--C	1.31E-14			

SUNPHARMAINDS--C	1.31E-14			
TATAMOTORS--C	1.31E-14			
TATAPOWERCO--C	1.31E-14			
TATASTEEL--C	1.31E-14			
TCS—C	1.31E-14			
	Effects Specification			
Cross-section fixed (dummy variables)				
R-squared	0.026974	Mean dependent var		46.71075
Adjusted R-squared	0.024273	S.D. dependent var		58.73021
S.E. of regression	58.01306	Akaike info criterion		10.96204
Sum squared resid	50913514	Schwarz criterion		10.98366
Log likelihood	-83109.58	Hannan-Quinn criter.		10.96921
F-statistic	9.985161	Durbin-Watson stat		0.850669
Prob(F-statistic)	0.000000			

The table 4.9 show that neither the intercept nor the slope is statistically significant. The returns in this regression are in proportion terms rather than percentages, so the slope estimate of Equity economic value added 0.000109 , Economic value added is 0.000163 and Market value added is 0.000243 per year, whereas the excess return for all firms in the sample is around 7% ,9%,15% per year. But this pooled regression assumes that the intercepts are the same for each company's and for each year. This may be an inappropriate assumption and we could instead estimate a model with fixed and time fixed effects, which will allow for latent firm-specific and time specific heterogeneity respectively. But we can see that the estimate on the beta parameter Refined economic value added is now -4.08, it is a negative and statistically significant, While the intercept is positive and statistically significant.

4.10.2 POOLED REGRESSION OF ROE ON (EVA, MVA, REVA, E-EVA)

Dependent Variable: ROE		
Method: Panel Least Squares		
Date: 04/13/15 Time: 16:06		
Sample (adjusted): 3/01/2005 3/01/2014		
Periods included: 10		
Cross-sections included: 39		
Total panel (unbalanced) observations: 389		

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	27.42310	1.232421	22.25141	0.0000
EVA	2.71	2.70	1.003269	0.3165
MVA	6.99	4.24	1.648428	0.1002
E_EVA	7.48	4.23	1.768657	0.0779
REVA	-1.08	1.21	-0.089076	0.9291
	Effects Specification			
Cross-section fixed (dummy variables)				
Period fixed (dummy variables)				
R-squared	0.654860	Mean dependent var		25.50370
Adjusted R-squared	0.602629	S.D. dependent var		19.05483
S.E. of regression	12.01167	Akaike info criterion		7.933490
Sum squared resid	48622.44	Schwarz criterion		8.463326
Log likelihood	-1491.064	Hannan-Quinn criter.		8.143541
F-statistic	12.53758	Durbin-Watson stat		0.674426
Prob(F-statistic)	0.000000			

The table 4.9.3 show that neither the intercept nor the slope is statistically significant. The returns in this regression are in proportion terms rather than percentages, so the slope estimate of Equity economic value added 7.48 , Economic

value added is 2.71 and Market value added is 6.99 per year, whereas the excess return for all firms in the sample is around 1% ,22%,1% per year. But this pooled regression assumes that the intercepts are the same for each company's and for each year. This may be an inappropriate assumption and we could instead estimate a model with fixed and time fixed effects, which will allow for latent firm-specific and time specific heterogeneity respectively. But we can see that the estimate on the beta parameter Refined economic value added is now -.08, it is a negative and statistically significant, while the intercept is positive and statistically significant.

Table 4.10.4 POOLED FIXED REGRESSION OF EPS ON (EVA, MVA, REVA, E-EVA)

| Dependent Variable: EPS				
Method: Panel Least Squares				
Date: 04/13/15 Time: 16:08				
Sample (adjusted): 3/01/2005 3/01/2014				
Periods included: 10				
Cross-sections included: 39				
Total panel (unbalanced) observations: 389				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	50.46605	4.939786	10.21624	0.0000
EVA	-3.84	0.000108	-0.035441	0.9717
MVA	0.000240	0.000170	1.415570	0.1578
REVA	-2.26	4.87	-0.463466	0.6433
E_EVA	0.000207	0.000169	1.223832	0.2219
	Effects Specification			
Cross-section fixed (dummy variables)				
Period fixed (dummy variables)				
R-squared	0.417775	Mean dependent var		46.71075
Adjusted R-squared	0.329664	S.D. dependent var		58.80391
S.E. of regression	48.14516	Akaike info criterion		10.71017
Sum squared resid	781151.2	Schwarz criterion		11.24001
Log likelihood	-2031.129	Hannan-Quinn criter.		10.92022
F-statistic	4.741447	Durbin-Watson stat		1.090015
Prob(F-statistic)	0.000000			
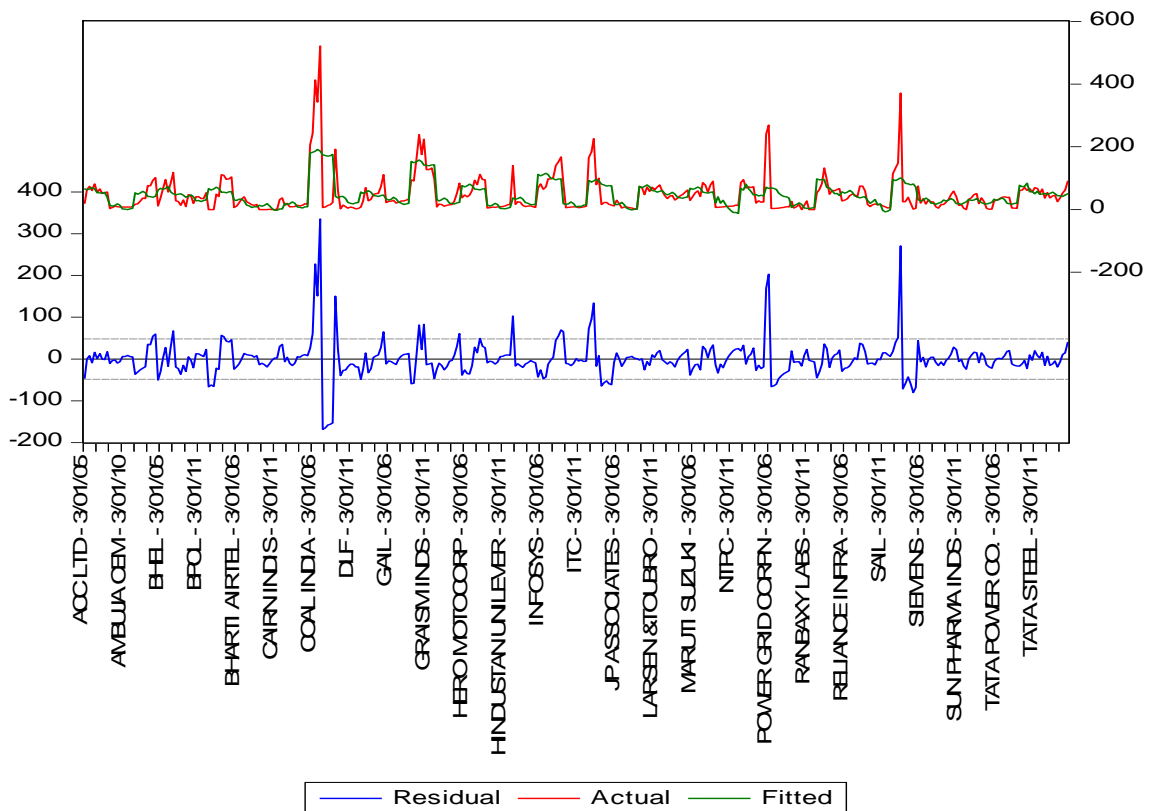
Table 4.9.4 show that the Earning per share is negative effect on Economic value added (3.84) and Refined economic value added (-2.26) but least effect on Market value added (0.00240) and Equity value added (0.000207). The probability value is greater than the p value (p>0.05) which means the null hypothesis is rejected and alternative are accepted and the model are statistically significant and EPS are effect the value added creation. In fixed effect model to include year dummies or country dummies in comparative time series cross-sectional data to account for unexplained year to year or country to country.

Table: 4.10.5 POOLED FIXED REGRESSION OF ROE ON

(EVA, MVA, REVA, E-EVA)

Dependent Variable: ROE			
Method: Panel Least Squares			
Date: 04/13/15 Time: 16:09			
Sample (adjusted): 3/01/2005 3/01/2014			
Periods included: 10			
Cross-sections included: 39			
Total panel (unbalanced) observations: 389			

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	27.42310	1.232421	22.25141	0.0000
EVA	2.71	2.70	1.003269	0.3165
MVA	6.99	4.24	1.648428	0.1002
REVA	-1.08	1.21	-0.089076	0.9291
E_EVA	7.48	4.23	1.768657	0.0779
	Effects Specification			
Cross-section fixed (dummy variables)				
Period fixed (dummy variables)				
R-squared	0.654860	Mean dependent var		25.50370
Adjusted R-squared	0.602629	S.D. dependent var		19.05483
S.E. of regression	12.01167	Akaike info criterion		7.933490
Sum squared resid	48622.44	Schwarz criterion		8.463326
Log likelihood	-1491.064	Hannan-Quinn criter.		8.143541
F-statistic	12.53758	Durbin-Watson stat		0.674426
Prob(F-statistic)	0.000000			

Table 4.9.4 show that the Return on equity is negative effect on Refined economic value added (-1.08) but least effect on Economic value added (2.71).Return on equity is more impact on Market value added (6.99) and Equity value added (7.48). The probability value is greater than the p value (p>0.05) which means the null hypothesis is rejected and alternative are accepted and the model are statistically significant and ROE are more impact the value added creation. The Durbin-Watson statistic measures the serial correlation in the residuals.

4.11 Analysis of Company with their selected indicator

This section involves a analysis of the mean, standard deviation, coefficient of correlation, the coefficient of determination, the beta coefficient, the T-Statistic and the variance has selected from the top ten listed companies on the basis of EVA, MVA, REVA, E-EVA With ROE and EPS.

4.11.1 Company and selected indicator (VAM) with ROE and EPS 'Statistics

Table 4.11.1	ASIAN PAINTS (ROE with EPS)			
	EVA	MVA	REVA	E_EVA
Mean	-2542.807	55947.53	-28373.41	-57067.03
Std. Dev.	3762.763	175856.7	33219.40	176325.1
Coefficient	0.001898	-0.059904	-0.00486	-0.059689
T-Statistic	0.626020	-6.058380	-1.477053	-6.051619

Table 4.11.1 show that the analysis of the Asian Paints company' performance in comparison with Earning per Share to the market performance. The market has a mean return performance of 55947.53 which mean the company performance is very good in stock market. The standard deviation of returns measures the riskiness in the company. The companies with high standard deviation are running at a high risk situation. This goes to support the principle of high risk, high return. The companies with very low standard deviation of returns do not enjoy high profits. The coefficient of correlation of returns indicates the degree of the relationship between the company and Value Added Measure on Earning Per Share and Return On Equity the Positive correlation coefficient indicates risky situations, while less risky situations are indicated by negative correlation coefficient. The degree of the relationship between the company and Value Added Measure on Earning Per Share and Return on Equity is displayed. The coefficient of determination of returns measures the level of systematic

risk in the company. It measured the external risk that was present in the operations of the company. It was risk that was inherent in the company operations and could not be diversified away by the manager. It was market related risk. The total risk of the company is equal to 1. When the systematic risk component is taken away from the total risk, the reminder is unsystematic risk. It is risk that can be managed by the manager. It is known as the manager's risk. It can be carefully reduced through strategic management skills and careful planning.

Table 4.11.2	BAJAJ AUTO (EPS with EPS)			
	EVA	MVA	REVA	E_EVA
Mean	-11881.43	19991.41	-81192.25	-23167.03
Std. Dev	9659.590	22189.80	60237.68	23578.06
Coefficient	0.00496	-0.012594	-0.000523	-0.013962
T-Statistics	5.584154	-0.730507	-1.575098	-0.892697

The table 4.11.2 shows the analysis of the Bajaj Auto Company performance comparison with Earning per Share and Return on Equity to the market performance. The market has a mean return performance of 19991.41 which mean the company performance is very good in stock market. The standard deviation of returns measures the riskiness in the company. The standard deviation of Bajaj Auto in EVA, MVA, REVA and E_EVA are 9659, 22189. 8060237 and 68, 23578.06 respectively implying that the company is running at a high risk situation. This goes to support the principle of high risk, high return. The company with very low standard deviation of returns do not enjoy high profits. The coefficient of correlation of returns indicates the degree of the relationship between the companies' returns and the Positive correlation coefficient indicates risky situations, while less risky situations are indicated by negative correlation coefficient. The degree of relationship between the company and selected indicators with Return on Equity and Earning per Share has been proved as per the study. The coefficient of determination of returns measures the level of systematic risk in the company. It measured the external risk that was present in the operations of the company. It was risk that was inherent in the company's operations and could not be diversified away by the manager. It was market related risk. The total risk of the company is equal to 1. When the systematic risk component is taken away from the total risk, the reminder is unsystematic risk. It is risk that can be

managed by the manager. It is known as the manager's risk. It can be carefully reduced through strategic management skills and careful planning.

Table 4.11.3	INFOSYS (ROE with EPS)			
	EVA	MVA	REVA	E_EVA
Mean	-8995.971	40054.86	-16448.29	-55577.38
Std. Dev.	58458.58	17099.17	80864.72	25168.47
Coefficient	0.000173	-0.005604	-0.000140	-0.004794
T-Statistic	0.907237	-7.402014	-1.085915	-9.716412

The table 4.11.3 shows the analysis of the Infosys Company performance comparison with Earning per Share and Return on Equity to the market performance. The market has a mean return performance of 40054.86, -16448.29,-55577.38,-8995.971 which mean the company performance is very good in stock market. The standard deviation of returns measures the riskiness in the company. The standard deviation of Infosys in EVA, MVA, REVA and E_EVA are 58458.58, 17099.17, 80864.72, and 25168.47 respectively implying that the company is running at a high risk situation. This goes to support the principle of high risk, high return. The coefficient of determination of returns measures the level of systematic risk in the company. The coefficient of Infosys in EVA, MVA, REVA and E_EVA are 0.000173,-0.005604,-0.000140 and -0.004794.It measured the external risk that was present in the operations of the company. It was risk that was inherent in the company's operations and could not be diversified away by the manager. It was market related risk. The total risk of the company is equal to 1. When the systematic risk component is taken away from the total risk, the reminder is unsystematic risk. It is risk that can be managed by the manager. It is known as the manager's risk. It can be carefully reduced through strategic management skills and careful planning.

Table 4.11.4	LARSEN&TOUBRO (EPS with ROE)			
	EVA	MVA	REVA	E_EVA
Mean	1422.207	26234.88	-17832.40	-45213.48
Std. Dev.	2220.280	25753.08	56832.83	36136.07
Coefficient	0.000153	-0.001321	-0.000106	-0.000835
T-Statistics	0.036809	-2.822335	-0.696385	-2.229379

The table 4.11.4 shows the analysis of the Larsen& Toubro Company performance to comparison with Earning per Share and Return on Equity to the market performance. The market has a mean return performance of 1422.207, 26234.88, -17832.40, and 45213.48 which mean the company performance is average in stock market. The standard deviation of returns measures the riskiness in the company. The standard deviation of Larsen& Toubro in EVA, MVA, REVA and E_EVA are 2220.280, 25753.08, 56832.83, and 36136.07 respectively implying that the company is running at a high risk situation. This goes to support the principle of high risk, high return. The coefficient of determination of returns measures the level of systematic risk in the company. The coefficient of Infosys in EVA, MVA, REVA and E_EVA are 0.036809,-2.822335,-0.696385 and -2.229379 .It measured the external risk that was present in the operations of the company. It was risk that was inherent in the company's operations and could not be diversified away by the manager. It was market related risk. The total risk of the company is equal to 1. When the systematic risk component is taken away from the total risk, the reminder is unsystematic risk. It is risk that can be managed by the manager. It is known as the manager's risk. It can be carefully reduced through strategic management skills and careful planning.

Table 4.11.5	power grid corporation (EPS with ROE)			
	EVA	MVA	REVA	E_EVA
Mean	3805.366	-7945.450	110231.9	-45676.98
Std. Dev.	11200.63	32149.03	776416.9	6684.135
Coefficient	0.003387	0.001914	-5.01	-0.006540
T-Statistic	0.038931	0.360413	-0.044825	-1.010034

The table 4.11.5 shows the analysis of the Power Grid Corporation Company performance to comparison with Earning per Share and Return on Equity to the market performance. The market has a mean return performance of 3805.366, -7945.450, 110231.9, and -45676.98, which mean the company performance is average in stock market but standard deviation of returns measures the riskiness in the company. The standard deviation of Power Grid Corporation in EVA, MVA, REVA and E_EVA are 11200.63, 32149.03, 776416.9 and 6684.135 respectively implying that the company is running at a high risk situation. This goes to support the principle of high risk, high return

Table 4.11.6	Ranbaxy Laboratories (EPS with ROE)			
	EVA	MVA	REVA	E_EVA
Mean	13797.41	9835.563	448106.5	-16252.24
Std. Dev.	39470.52	3064.676	1420376.	4098.170
Coefficient	-0.00642	-0.001540	2.40	-0.0020
T-Statistic	-0.377088	-0.296737	0.492405	-0.438857

The table 4.11.6 shows the analysis of the Ranbaxy Laboratories Company performance to comparison with Earning per Share and Return on Equity to the market performance. The market has a mean return performance of 13797.41, 9835.563, 448106.5 and -16252.24 which mean the company performance is average in stock market but standard deviation of returns measures the riskiness in the company. The standard deviation of Ranbaxy Laboratories in EVA, MVA, REVA and E_EVA are 39470.52, 3064.676, 1420376, and 4098.170 respectively implying that the company is running at a high risk situation. This goes to support the principle of high risk, high return.

Table 4.11.7	Reliance industries(EPS with ROE)			
	EVA	MVA	REVA	E_EVA
Mean	13025.73	31168.52	-54722.70	-180777.9
Std. Dev.	24220.08	52807.30	708128.0	99466.76
Coefficient	0.004951	-0.00417	-0.000182	0.000124
T-Statistic	1.416898	-1.298302	-1.580077	0.586261

Table 4.11.7 shows the analysis of the Reliance industries Company performance to comparison with Earning per Share and Return on Equity to the market performance. The market has a mean return performance of 13025,31168.52,-54722.70 and -180777.9 which mean the company performance is not bad in stock market but standard deviation of returns measures the riskiness in the company. The standard deviation of Reliance Industries in EVA, MVA, REVA and E_EVA are 24220.08, 52807. 30708128.0 And 99466.76 respectively implying that the company is running at a high risk situation. This goes to support the principle of high risk, high return.

Table 4.11.8	Reliance infrastructure (EPS with ROE)			
	EVA	MVA	REVA	E_EVA
Mean	466.9105	-6158.874	1212.852	-14448.01
Std. Dev.	5215.973	14955.19	152781.6	8140.790
Coefficient	-0.004667	-0.001551	0.000136	-0.001071
T-Statics	-1.632935	-4.156485	1.448378	-1.460246

The table 4.11.8 shows the analysis of the Reliance infrastructure Company performance to comparison with Earning per Share and Return on Equity to the market performance. The market has a mean return performance of 466.9105,-6158.874, 1212.852 and -14448.01 which mean the company performance is not bad in stock market but standard deviation of returns measures the riskiness in the company. The standard deviation of Reliance infrastructure in EVA, MVA, REVA and E_EVA are 5215.973, 14955.19, 152781.6 and 8140.790 respectively implying that the company is running at a high risk situation. This goes to support the principle of high risk, high return's.

Table 4.11.9 Sun Pharmaceutical Industries Ltd (EPS with ROE)				
	EVA	MVA	REVA	E_EVA
Mean	-5109.953	20873.37	-24850.62	-26130.53
Std. Dev.	8713.568	42841.18	24883.95	45175.73
Coefficient	0.000674	-0.003	3.90	-0.003081
T-Statics	0.394656	-0.27873	0.079821	-0.252122

The table 4.11.9 shows the analysis of the Sun Pharmaceutical Industries Company performance to comparison with Earning per Share and Return on Equity to the market performance. The market has a mean return performance of -5109.953,20873.37,-24850.62 and -26130.53 which mean the company performance is not bad in stock market but standard deviation of returns measures the riskiness in the company. The standard deviation of Sun Pharmaceutical Industries in EVA, MVA, REVA and E_EVA are 8713.568, 42841.18, 2488.95 and 45175.73 respectively implying that the company is running at a high risk situation. This goes to support the principle of high risk, high return's.

Table 4.11.10	TATA STEEL (EPS with ROE)			
	EVA	MVA	REVA	E_EVA
Mean	1317.946	17879.90	-80344.79	-66884.85

Std. Dev.	32986.96	110330.7	2052317.	116891.3
Coefficient	0.000247	5.46	-2.92	4.19
T-Statistics	0.522402	0.607172	-0.385899	0.482921

The table 4.11.10 shows the analysis of the Tata Steel Company performance to comparison with Earning per Share and Return on Equity to the market performance. The market has a mean return performance of 1317.946, 17879.90, -80344.79 and -66884.85 which mean the company performance is not bad in stock market but standard deviation of returns measures the riskiness in the company. The standard deviation of Tata Steel company in EVA, MVA, REVA and E_EVA are 32986.96, 110330.7, 2052317and 116891.3 respectively implying that the company is running at a high risk situation. This goes to support the principle of high risk, high return's.

CHAPTER-5

5.1 FINDINGS

- The Economic Value Added is a true measure of financial performance and is gaining reputation globally. As a part this study we find out that in India there are very less numbers of companies which are disclosing Economic value added, in a sample of forty (40) NSE Companies in India. The study shows that the return on equity affects the Economic Value Added (EVA).

- The companies which have negative Return on equity shows they have wealth destroyer. Which means the Company's is not generating wealth for their shareholder so that investor should switch to some other value generating companies. ROE is a negative means the company has lost money during the period chosen for computing ROE but this does not mean the company is going bankrupt. It is possible for companies to have negative income but positive cash flows because of inclusion of depreciation and amortization when computing cash flow. If ROE is negative because equity is negative then we are dealing with bankrupt companies. The companies which have positive return on equity shows they have wealth creator companies for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them companies.

- The company's which have negative Earning per share negative profit every offer. Organizations need to profit, not lose it, and its safe for a financial specialist to expect that a negative EPS is not something to be good for. That said, infrequently a negative EPS is not as large an arrangement and how much money companies lost per share of outstanding stock.

- The company's which have positive Earnings per share to create wealth for their shareholders. Benefits that aren't paid out in profits ordinarily get reinvested in the organization. Reinvestment prompts development, which expands the estimation of the firm, which builds the estimation of the organization's shares.

- Relation of Return on Equity (ROE) and Earning per share (EPS) of NSE Companies which shows negative relation of 12 Companies between Return on Equity and Earning per share. It means that management has done a poor job of creating value with base of equity available to it, since investors have reduced the company's value below the amount of equity invested.

- Relation between Return on equity and Earning per share of NSE Companies which shows the positive relation of 28 Companies between Earning per share and Return on equity. It means that companies are generating wealth for their shareholder so that investor can invest their money in such a company where their investment is creating wealth for them.

- The effect of Economic Value Added (EVA) and Market Value Added (MVA) on Earning per share. This indicates that Economic Value Added (EVA) affects the Earning per share in opposite direction that is the increase in EVA will decrease the Earning per share increase but not more than. The Market Value Added shows the positive impact on Earnings per share.

- The impact of Equity Economic value added on Earning per share. If Earning per share is increase means the equity economic value added will be increase in positive direction but low or negative impact of Refined Economic value added means if Earning per share are increase or decrease there are no impact on Refined Economic value added. There are least relationship between EPS and REVA.

- The effect of Economic Value Added (EVA) and Market Value Added (MVA) on Return on Equity. This indicates that Economic Value Added (EVA) affects the Return on Equity that is the increase in EVA will decrease the Return on. The Market Value Added shows the positive impact on Return on Equity.

- The impact of Equity Economic value added on Return on Equity. If Return on Equity is increase means the equity economic value added will be increase in positive direction and highly impact on Return on Equity but low or negative impact of Refined Economic value added means if Return on Equity are increase or decrease there are no impact on Refined Economic value added. There are least relationship between ROE and REVA.

5.2 SUGGESTIONS

Value Added Management (VAM) process is designed to improve enterprise value in both the public and private sector. Value Based Management aligns business practices with the vision, mission and values of the company. In this study such companies are normally very good such as TCS, Cipla, Ambuja Cement Industries, ITC Ltd, Hindustan Liver Ltd, Reliance inds,M&M, Infosys, Dr.Ready labs at strategizing and structuring, These companies have positive Economic Value Added which shows they have wealth creator companies for their

shareholder so that investor can invest their money in such a company where their investment is creating wealth for them. In this study we also find such companies they have fail when it comes to performance such as Gail, Cairn ind, Infosys, Siemens, Hindalco inds shows the low performance. It is the lack of efficient implementation that stands in the way of long-term success. These companies have negative Economic value added which shows they have wealth destroyer. Which means the Company's is not generating wealth for their shareholder so that, they should improve business practice with the vision, mission and values of the company. Organization should become empowered to make better decisions, discipline their own behaviour, and work together more effectively as a team. Because each person contributes, risks and shares as an owner, as well as a worker, VBM helps unite everyone's self-interest around the company's bottom line and corporate values. The Employee Stock Ownership Plan (ESOP) was created to provide workers with access to capital credit previously available only to those with significant accumulated assets and to pay for their shares out of future corporate profits which they help the company to earn. The companies which have negative Economic Value Added they should concentrate of the corporate mission, corporate strategy, corporate governance, corporate culture, organization of the corporation, decision process and systems, performance management systems and reward process and systems with the corporate purpose and values so, a corporation will to achieve normally maximizing shareholder value.

Market value added tells us how much value the company has added to, or subtracted from, its shareholders investment. It depends on its rate of return. If a company's rate of return exceeds its cost of capital, the company will sell on the stock market with premium compared to the original capital. On the other hand, companies that have rate of return smaller than their cost of capital sell with discount compared to the original capital invested in company. Whether a company has positive or negative MVA depends on the rate of return compared to the cost of capital. In this study we find that some Successful companies add their MVA and thus increase the value of Invested Capital in the company such as Asian paints, Bajaj auto, Gail, Grasim inds, Hero motocrop, Power grid corporation, company shows that management has done a good job of creating value with base of equity available to it, since investors have increased the company's value above the amount of equity invested. We also find Unsuccessful companies in this study which shows they decrease the value of the capital originally invested in the company such Reliance infra, Sail, Jindel steel,Hindustain unilever, M&M, Coal India, which shows that management has done a poor job of creating value with

base of equity available to it, since investors have reduced the company's value below the amount of equity invested.

Equity value added tells us how much value the company has added to, or subtracted from, its shareholders investment in Equity. It depends on its Return on Equity. If a company's Return on equity exceeds its cost of capital, the company will sell on the stock market with premium compared to the original capital. Whether a company has positive or negative E-EVA depends on the Return on Equity return compared to the cost of capital. In this study we find that some Successful companies add their E-EVA and thus increase the value of Invested Capital in the company such as Bajaj auto, DLF, NTPC,JP associated, Reliance inds, SIEMENS.

In this study we also, compare the impact of Economic Value Added (EVA), Market Value Added (MVA), Refined Economic Value Added (REVA) and Equity Economic Value Added (EEVA) on Return On Equity (ROE), Earning per Share (EPS) Stock Return. This indicates that Equity Economic Value Added (EEVA) influence the Return On Equity (ROE) and Earning Per Share (EPS).The Equity Economic Value Added shows the highly positive correlated with Return on Equity and Earning per share.

5.3 **CONCLUSION**

At last we conclude that EVA is a financial measurement base on operating income after tax. EVA is the most reliable source to know the performance of the company in today era. A company should be wealth creator not the wealth destroyer for the shareholders. In the EVA system a company will be a wealth creator it its operations are as good as it can generate profit more than the cost of capital which includes the cast of capital well. In recent years, Economic Value Added (EVA) became increasingly relevant in the context of business. In fact, it was in the last decade of the twentieth century that this metric become a key tool in measuring the creation of value in business management. This study defines the following items for investigation Describe alternative ways of calculating the value of a company Describe the Return on Equity (ROE),Earning per share (EPS), Economic Value Added (EVA), and Market Value Added (MVA),Refined Economic Value Added (REVA), Equity Economic Value Added (EEVA), as the preferred measurement of value creation Evaluate the use of Economic Value Added (EVA) and its applications Explore the use of the value based performance measures from business environment. As the main element of relationship between Return on Equity (ROE) and Earning per share (EPS) and to find the impact to

Return on Equity and Earning per share on Economic Value Added (EVA), Market Value Added (MVA), Refined Economic Value Added (REVA), Equity Economic Value Added (EEVA) in its estimation, some adjustments are provided in order to minimize distortions resulting from the accounting practice adopted. Selecting the adjustments to be made will depend on a set of constraints (Interest, Goodwill, and Research & Development), which eventually discourage future comparisons between Economic Value Added (EVA) from different companies.

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