

Shareholders Value Creation in Indian Corporate Sector: Evidence from Banking, FMCG, Pharmaceutical and Automobile Industries

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ABSTRACT

This research investigates the extent of wealth generation for shareholders across a sample of 20 companies drawn from four prominent Indian sectors — Banking, Fast Moving Consumer Goods (FMCG), Pharmaceuticals, and Automobiles — spanning a decade from 2016 to 2025. To assess financial performance and the degree of shareholder wealth creation, five key metrics were employed: Earnings Per Share (EPS), Return on Equity (ROE), Return on Assets (ROA), Economic Value Added (EVA), and Market Value Added (MVA). The analytical framework incorporated Pearson Correlation, Multiple Linear Regression, and One-Way Analysis of Variance (ANOVA) to explore relationships among variables and to assess performance disparities at the sector level.

Results indicate that HDFC Bank, Nestlé India, Dr. Reddy's Laboratories, and Bajaj Auto emerged as leaders in profitability and economic value generation. In contrast, ICICI Bank, ITC Limited, Sun Pharmaceutical Industries, and Tata Motors exhibited comparatively elevated MVA figures, reflecting greater market-driven wealth accumulation for shareholders. The regression model established that EPS, ROE, and ROA are statistically significant predictors of MVA ($R^2 = 0.226$, $F = 19.083$, $p < 0.001$), whereas EVA did not demonstrate a comparable predictive relationship. Sector-wise ANOVA results indicated an absence of statistically meaningful inter-sector differences in EVA ($F = 0.121$, $p = 0.947$); however, MVA showed considerable cross-sector variation ($F = 48.858$, $p < 0.001$), with the FMCG sector attaining the highest mean MVA at ₹9,53,837.54 lakhs.

The study underscores that sustained profitability, optimal utilization of organizational resources, and the application of value-based management frameworks are fundamental determinants of shareholder wealth maximization within India's major corporate sectors.

Keywords: Shareholders' Value Creation, Economic Value Added (EVA), Market Value Added (MVA), Earnings Per Share (EPS), Return on Equity (ROE), Return on Assets (ROA), Indian Corporate Sector, Shareholder Wealth Maximization

1. INTRODUCTION

In today's intensely competitive business environment, the creation of shareholder value has come to occupy a central position among corporate priorities. Contemporary investors extend their expectations well beyond mere profitability; they demand that enterprises generate returns that surpass the cost of capital while delivering consistent long-term wealth appreciation. This fundamental shift in investor expectations has compelled corporate managers and financial analysts to look beyond conventional accounting-based measures, embracing value-based performance frameworks that offer a more precise reflection of a firm's ability to generate both economic and market value for its shareholders (Bhasin & Shaikh, 2013).

As one of the world's most rapidly expanding economies, India draws considerable strength from several strategically significant industrial sectors. The Banking, Fast Moving Consumer Goods (FMCG), Pharmaceutical, and Automobile

industries together account for a substantial share of the country's GDP, workforce employment, export earnings, and technological progress. Each of these sectors functions under its own distinct competitive environment, regulatory structure, and capital configuration — conditions that make a comparative examination of shareholder value creation not only academically meaningful but also of practical relevance to investors, policymakers, and corporate decision-makers.

Although the body of literature addressing financial performance measurement is extensive, a notable void persists with respect to rigorous cross-sector comparative research that integrates both conventional profitability ratios and contemporary value-based indicators over a sustained time horizon. Prevailing studies tend to confine their scope to individual sectors or restricted periods of analysis. Moreover, the interplay between traditional profitability measures and value-based constructs such as EVA and MVA has yet to be thoroughly examined across the four principal sectors that constitute a substantial portion of India's corporate economy.

The present study addresses this gap through a systematic analysis of shareholder value creation among 20 prominent Indian companies — five from each of the four sectors — over a ten-year window spanning 2016 to 2025. EPS, ROE, ROA, EVA, and MVA serve as the core analytical instruments, complemented by Correlation, Regression, and ANOVA as inferential statistical tools. Together, these measures and methods enable a comprehensive, empirically grounded assessment of sector-level shareholder value performance within the Indian corporate landscape.

2. REVIEW OF LITERATURE

The conceptual underpinnings of shareholder value creation trace back to the foundational contribution of Rappaport (1986), who posited that the foremost responsibility of corporate management lies in maximising shareholder wealth. This principle was subsequently given operational form through the Economic Value Added (EVA) framework introduced by Stern Stewart & Co., which quantifies residual income by accounting for the complete cost of capital (Stewart, 1991).

Mathangi et al. (2025) investigated the value relevance of EVA alongside conventional accounting variables — including EPS, ROA, ROE, and PAT — in relation to MVA, employing panel data regression for manufacturing firms listed under the NIFTY Midcap 100 Index over the period 2008–2020. Their results established that EVA and accounting-based variables jointly exert a statistically significant influence on shareholder value. In a related contribution, Kowsalya et al. (2025) utilised the Pablo Fernandez Model to assess shareholder value creation among Indian automobile companies during 2018–2023, concluding that value-based metrics demonstrate greater explanatory power than traditional performance measures.

Kaushal Bhatt and Kinjal Bhatt (2022) evaluated shareholder value creation in Indian IT firms through the lens of DPS, EPS, ROE, ROA, EVA, and MVA, with results indicating that a majority of the sampled companies sustained positive EVA over the study period. Govindaraju and Kala (2024) similarly affirmed that NSE-listed automobile companies generated positive shareholder value between 2013 and 2023, a finding with meaningful implications for investor confidence.

Within the banking sector, Gounder and Venkateshwarlu (2017) established a positive and statistically significant association between EVA and shareholder value creation among Indian commercial banks covering the years 2001 to 2015. Miralles-Quirós et al. (2019) extended this line of inquiry internationally, documenting a favourable effect of ESG performance on shareholder wealth across 166 banks globally during 2010–2015. Thampy and Baheti (2000) were among the earliest scholars to advocate for EVA as a more robust performance benchmark for banking institutions in India.

Turning to the pharmaceutical sector, Rasool et al. (2020) reported that mergers and acquisition activity yields a measurable improvement in EVA among Indian pharmaceutical firms. Across the FMCG and automobile segments, the works of Sharma and Grover (2015), Suresh and Sengottaiyan (2015), and Dodiya and Danger (2019) collectively demonstrated that sustained EVA and MVA generation serves as a reliable indicator of corporate financial soundness. Taken together, the existing body of research reinforces the need for integrated, multi-sector investigations conducted over extended timeframes — a research gap that the present study is designed to address.

3. RESEARCH METHODOLOGY

3.1 Statement of the Problem

Notwithstanding the increasing prominence of value-based management in contemporary corporate discourse, empirical research offering a thorough cross-sector comparison of shareholder value creation across India's principal industrial sectors over an extended timeframe remains conspicuously scarce. Conventional profitability indicators, when applied in isolation, may fall short of capturing the true wealth-generating potential of a firm — a limitation that underscores the necessity of incorporating EVA and MVA alongside traditional measures in any rigorous, multi-sector empirical investigation.

3.2 Objectives of the Study

1. To analyse the trend in shareholders' value creation in selected Banking, FMCG, Pharmaceutical, and Automobile companies in India during 2016–2025.
2. To measure and compare financial performance using EPS, ROE, ROA, EVA, and MVA.
3. To examine the relationship between profitability indicators and shareholders' value creation.
4. To assess the impact of financial variables on MVA and EVA through regression analysis.
5. To compare shareholders' value creation performance across the four selected sectors.

3.3 Sample Design and Study Period

A purposive sampling strategy was adopted for the purpose of this study. Twenty companies in total — five drawn from each of the four sectors — were identified on the basis of market capitalisation, consistency in the availability of financial data across the study period, and adequate representation of their respective sectors. The investigation covers ten consecutive fiscal years, extending from 2015–16 through 2024–25 (hereafter referred to as 2016–2025).

Sector	Companies Selected
Banking	State Bank of India, HDFC Bank, ICICI Bank, Axis Bank, Canara Bank
FMCG	Hindustan Unilever, Nestlé India, Dabur India, ITC Limited, Britannia Industries
Pharmaceutical	Sun Pharma, Dr. Reddy's Labs, Lupin, Cipla, Biocon
Automobile	Tata Motors, Maruti Suzuki, Bajaj Auto, Mahindra & Mahindra, TVS Motors

Table 1: Sample Companies

3.4 Data Sources

The research relies entirely on secondary data, sourced from the following: (i) audited annual reports of the selected companies; (ii) published balance sheets and profit & loss accounts; (iii) share price data retrieved from NSE and BSE; (iv) financial information platforms including Moneycontrol, Investing.com, and the investor relations portals maintained by the respective companies.

3.5 Financial Metrics and Formulas

Metric	Formula	Purpose
EPS	$\text{Profit After Tax} \div \text{No. of Equity Shares}$	Earnings per equity share
ROE (%)	$(\text{Net Profit} \div \text{Shareholders' Equity}) \times 100$	Return on shareholders' funds
ROA (%)	$(\text{Net Profit} \div \text{Total Assets}) \times 100$	Asset utilization efficiency
EVA (₹)	$\text{NOPAT} - (\text{Capital Employed} \times \text{Cost of Capital})$	Economic profit after capital cost

Metric	Formula	Purpose
MVA (₹)	Market Value of Equity – Book Value of Equity	Market-based wealth creation

Table 2: Financial Metrics and Formulae

3.6 Statistical Tools

The study utilised three distinct statistical methods: (a) Pearson Correlation Analysis, applied to determine the strength and direction of the relationship between ROE, EVA, and MVA; (b) Multiple Linear Regression, employed to evaluate the extent to which EPS, ROE, and ROA exert predictive influence over EVA and MVA; and (c) One-Way ANOVA accompanied by Tukey's HSD Post Hoc Test, used to examine whether statistically significant differences exist among companies and across sectors with respect to EVA and MVA. All statistical computations were carried out using SPSS (Version 26.0), with a significance threshold set at the 5% level.

3.7 Hypotheses

H₀₁: There is no significant relationship between profitability indicators and shareholders' value creation.

H₀₂: EPS, ROE, and ROA do not significantly impact EVA or MVA.

H₀₃: There is no significant difference in EVA and MVA among the selected sectors.

4. DATA ANALYSIS AND INTERPRETATION

4.1 Earnings Per Share (EPS) Analysis (2016–2025)

EPS measures the profit available to each equity shareholder and reflects the profitability and earnings strength of a company.

Sector	Top Performer	Mean EPS (₹)	CAGR
Banking	HDFC Bank	67.72	0.068
FMCG	Nestlé India	138.68	-0.108 (restated)
Pharmaceutical	Dr. Reddy's Laboratories	116.31	-0.02
Automobile	Maruti Suzuki	251.80	0.11

Table 3: EPS Summary by Sector

In the Banking sector, HDFC Bank maintained the highest average EPS (₹67.72) with the lowest variability (CV = 20.80%), indicative of strong and consistent earnings generation. Canara Bank exhibited significant earnings instability (CV = 546.22%) and a negative CAGR (-1.89). Nestlé India dominated FMCG EPS performance with a mean of ₹138.68, reflecting robust profitability, while Dabur India recorded the lowest at ₹7.10. Dr. Reddy's Laboratories led the pharmaceutical sector (mean EPS = ₹116.31), while Sun Pharmaceutical's EPS CAGR was deeply negative (-2.17). Maruti Suzuki dominated the automobile sector with ₹251.80 average EPS, while Tata Motors recorded negative EPS in six out of ten years, indicating persistent earnings challenges.

4.2 Return on Equity (ROE) Analysis (2016–2025)

Sector	Top Performer	Mean ROE (%)	Key Observation
Banking	HDFC Bank	16.54	Most stable (CV = 5.88%)
FMCG	Nestlé India	84.98	Exceptionally high, sustained ROE
Pharmaceutical	Dr. Reddy's Laboratories	13.21	Positive CAGR (0.063)
Automobile	Bajaj Auto	24.17	Most consistent auto-sector performer

Table 4: ROE Summary by Sector

Nestlé India recorded the highest average ROE across all sectors at 84.98%, driven by an asset-light business model and strong brand profitability. Canara Bank demonstrated severely negative ROE in 2018 and 2020, reflecting exposure to non-performing assets. In the automobile sector, Tata Motors posted negative average ROE (-0.17%) owing to losses incurred during the pandemic and JLR-related challenges.

4.3 Return on Assets (ROA) Analysis (2016–2025)

Sector	Top Performer	Mean ROA (%)	Lowest Performer
Banking	HDFC Bank	1.85	Canara Bank (0.25%)
FMCG	Nestlé India	25.76	Hindustan Unilever (22.44%)
Pharmaceutical	Cipla	10.99	Sun Pharma (3.48%)
Automobile	Bajaj Auto	19.41	Tata Motors (0.46%)

Table 5: ROA Summary by Sector

HDFC Bank consistently achieved above-industry ROA in the Banking sector, reflecting its superior credit quality and operational efficiency. Bajaj Auto's ROA of 19.41% outperforms all automobile sector peers, indicating very efficient asset deployment. Cipla's highest ROA in pharmaceuticals (10.99%) signals effective utilization of assets for income generation. The pharmaceutical and FMCG sectors recorded broadly higher ROA values than Banking and Automobile, reflecting capital-light operations.

4.4 Economic Value Added (EVA) Analysis (2016–2025)

EVA is calculated as NOPAT minus Cost of Capital Employed and represents the true economic profit of a firm after accounting for the full cost of capital deployed.

Sector	Top Performer (EVA)	Mean EVA	Negative Companies EVA
Banking	HDFC Bank	₹16,75,24,081 Cr.	Axis Bank, ICICI Bank (select years)
FMCG	Nestlé India	₹14,533 Cr.	HUL (select years)
Pharmaceutical	Dr. Reddy's Labs	₹2,289.50 Cr.	Sun Pharma, Biocon (average negative)
Automobile	Bajaj Auto	₹2,621.59 Cr.	Tata Motors, Maruti Suzuki (average negative)

Table 6: EVA Summary by Sector

Within the Banking sector, HDFC Bank demonstrated sustained and progressively improving EVA, a performance attributable to its effective management of capital costs and robust profitability fundamentals. In the FMCG segment, Nestlé India emerged as the foremost contributor to EVA generation, driven by its strong premium pricing strategy and efficient utilisation of assets. Among automobile companies, Bajaj Auto stood apart as the sole firm maintaining a consistently positive EVA throughout the study period, whereas Maruti Suzuki and Tata Motors reported negative average EVA figures, largely on account of their substantial capital deployment requirements. In the pharmaceutical sector, both Biocon and Sun Pharma witnessed a deterioration in EVA during periods marked by regulatory challenges and unfavourable shifts in their respective product compositions.

4.5 Market Value Added (MVA) Analysis (2016–2025)

MVA measures shareholders' wealth as the difference between market value and book value of equity, reflecting the market's assessment of future earnings potential.

Sector	Highest MVA Company	Mean MVA (₹ Lakhs)	CAGR
Banking	ICICI Bank	2,95,170.94	0.35
FMCG	ITC Limited	42,18,379.04	0.20
Pharmaceutical	Sun Pharma	1,89,444.18	0.10
Automobile	Tata Motors	1,73,862.69	0.04

Table 7: MVA Summary by Sector

One of the more noteworthy observations to emerge from the analysis is that companies registering the highest EVA do not necessarily correspond to those commanding the greatest MVA. In the Banking sector, for instance, while HDFC Bank occupies the leading position in terms of EVA, it is ICICI Bank that records the most substantial MVA — an outcome driven by the market's upward re-rating of its franchise value following management transitions that took place after 2020. A comparable divergence is evident in the FMCG segment, where ITC Limited's dominance in MVA stands in contrast to its comparatively modest EVA performance, a disparity that reflects the market's recognition of its diversified conglomerate structure and its consistent dividend distribution history. Canara Bank, by contrast, registered persistently negative MVA throughout the study period, pointing to a prolonged state of undervaluation relative to its book equity. Notwithstanding these variations, all 20 companies achieved a positive CAGR in MVA over the ten-year horizon, signalling broad-based wealth creation for shareholders across sectors.

4.6 Correlation Analysis

Pearson Correlation was applied to examine the association between ROE, EVA, and MVA across each sector.

Sector	ROE– EVA (r)	Significance	ROE– MVA (r)	Significance	EVA– MVA (r)	Significance
Banking	0.058	p = 0.693 (NS)	0.582	p = 0.000**	0.082	p = 0.571 (NS)
FMCG	0.518	p = 0.000**	-0.271	p = 0.058 (NS)	0.271	p = 0.058 (NS)
Pharmaceutical	0.218	p = 0.128 (NS)	0.040	p = 0.781 (NS)	-0.146	p = 0.312 (NS)

Sector	ROE– EVA (r)	Significance	ROE– MVA (r)	Significance	EVA– MVA (r)	Significance
Automobile	0.508	p = 0.000**	-0.139	p = 0.352 (NS)	0.137	p = 0.358 (NS)

Table 8: Sector-wise Correlation Analysis ($p < 0.01$; NS = Not Significant)**

Sector-wise examination of correlation outcomes highlights distinct relational patterns across industries. Within the Banking sector, a statistically significant moderate positive relationship is observed between ROE and MVA ($r = 0.582$, $p < 0.001$), affirming that enhancements in profitability are effectively channeled into market-based wealth generation. In the case of FMCG and Automobile sectors, ROE demonstrates a meaningful association with EVA ($r = 0.518$ and 0.508 respectively), implying that returns accruing to shareholders serve as a catalyst for economic value creation. Conversely, the Pharmaceutical sector yielded no statistically significant correlational relationships, pointing to the possibility that sector-specific determinants — including R&D pipeline robustness, regulatory approval outcomes, and export composition — play a more dominant role in shaping shareholder value than traditional profitability indicators. Collectively, these results offer partial empirical support for H_{01} , while underscoring the necessity of treating each sector as an independent analytical unit due to observable inter-sectoral heterogeneity.

4.7 Regression Analysis

4.7.1 Impact of EPS, ROE, and ROA on EVA

Multiple regression analysis with EVA as the dependent variable and EPS, ROE, ROA as predictors yielded an R^2 of 0.000 ($F = 0.020$, $p = 0.996$), indicating no statistically significant predictive relationship. EPS ($p = 0.998$), ROE ($p = 0.859$), and ROA ($p = 0.959$) individually were not significant predictors of EVA. Accordingly, H_{02} is accepted with respect to EVA: traditional profitability metrics do not adequately explain variation in economic value creation, which is also a function of capital structure, cost of debt, and investment efficiency.

4.7.2 Impact of EPS, ROE, and ROA on MVA

Parameter	Value
R	0.475
R^2 (Coefficient of Determination)	0.226
Adjusted R^2	0.214
F-statistic	19.083
Significance (p-value)	0.000***
EPS Coefficient (β)	-0.261 ($p < 0.001$)
ROE Coefficient (β)	-0.463 ($p < 0.001$)
ROA Coefficient (β)	+0.765 ($p < 0.001$)

Table 9: Multiple Regression Results — Dependent Variable: MVA (*) $p < 0.001$**

The regression analysis accounts for 22.6% of the variance observed in MVA ($F = 19.083$, $p < 0.001$), establishing that profitability-related variables, when considered in combination, exert a statistically significant influence on market-driven wealth creation for shareholders. Among the predictors examined, ROA stands out as the most influential positive determinant ($\beta = +0.765$), suggesting that the market places greater weight on asset utilization efficiency compared to earnings per share or returns on equity in isolation. The inverse relationships indicated by the negative coefficients associated with EPS and ROE point to the likelihood that firms reporting exceptionally elevated values on these metrics

may be embedded in capital-heavy operational frameworks, wherein such figures do not necessarily correspond to proportionate gains in market valuation. On the basis of these findings, H_{02} is rejected in relation to MVA.

4.8 Analysis of Variance (ANOVA)

One-Way ANOVA was conducted to test for significant differences in EVA and MVA (a) among companies within each sector and (b) across the four sectors.

4.8.1 Intra-Sector ANOVA Results

Sector	EVA F-stat	EVA p-value	MVA F-stat	MVA p-value	Decision (EVA)	Decision (MVA)
Banking	2.089	0.098	10.190	0.000***	Accept H_0	Reject H_0
FMCG	13.602	0.000***	57.214	0.000***	Reject H_0	Reject H_0
Pharmaceutical	7.453	0.000***	5.412	0.001**	Reject H_0	Reject H_0
Automobile	17.779	0.000***	20.677	0.000***	Reject H_0	Reject H_0

Table 10: Intra-Sector ANOVA Summary ($p < 0.01$; *** $p < 0.001$)**

Notable disparities in EVA are evident within the FMCG, Pharmaceutical, and Automobile sectors, reflecting non-uniform patterns of economic value generation among firms operating within these industries. Banking stands as the sole sector where intra-sector variation in EVA fails to reach statistical significance ($p = 0.098$), an outcome potentially attributable to the homogenizing effect of regulatory frameworks governing the industry. In contrast, MVA differences attain statistical significance across all four sectors, reinforcing the notion that shareholder wealth creation varies considerably even among companies belonging to the same industry classification.

Further granular insights emerge from Tukey's Post Hoc Tests, which uncover meaningful inter-firm disparities. Within the FMCG sector, ITC Limited records an MVA substantially higher than that of all peer companies ($p < 0.001$ for all pairwise comparisons). In the Banking sector, Canara Bank's negative MVA position stands in stark contrast to the performance levels of ICICI Bank and HDFC Bank. Within the Automobile sector, Bajaj Auto's EVA demonstrates a marked superiority over both Maruti Suzuki and Tata Motors ($p < 0.001$), highlighting considerable within-sector divergence in economic value outcomes.

4.8.2 Inter-Sector ANOVA Results

Variable	F-statistic	p-value	Decision	Highest Mean Sector
EVA	0.121	0.947	Accept H_{03} (No significant difference)	FMCG (₹4,920.28 Cr. avg)
MVA	48.858	0.000***	Reject H_{03} (Significant difference)	FMCG (₹9,53,837.54 lakhs avg)

Table 11: Inter-Sector ANOVA — EVA and MVA (* $p < 0.001$)**

The lack of statistically significant inter-sector variation in EVA ($F = 0.121$, $p = 0.947$) implies that economic value creation, once adjusted to account for the cost of capital, tends to converge across different industries. This convergence suggests that prevailing market-wide capital costs act as a moderating force on EVA performance, effectively neutralizing the gross disparities that might otherwise arise from differences in operating returns. MVA, however, tells a contrasting story — inter-sector differences in market valuation are found to be highly significant ($F = 48.858$, $p < 0.001$). The FMCG sector consistently commands a premium in market valuation, a phenomenon driven by the combined influence of relatively stable consumer demand, well-established brand equity, and robust investor confidence in consumer staple businesses. Tukey's HSD analysis further corroborates these findings, confirming that the FMCG sector

differs significantly from all remaining sectors with respect to MVA ($p < 0.001$ for all pairwise comparisons), whereas the distinctions observed among the Banking, Pharmaceutical, and Automobile sectors did not attain statistical significance.

5. SUMMARY OF FINDINGS

The following key findings emerge from the analysis:

1. HDFC Bank led the Banking sector in EPS, ROE, ROA, and EVA, demonstrating superior profitability and economic value generation, while ICICI Bank achieved the highest MVA (mean ₹2,95,170.94 lakhs), reflecting stronger market-based shareholder wealth creation.
2. Nestlé India dominated FMCG sector in EPS (mean ₹138.68), ROE (84.98%), ROA (25.76%), and EVA (₹14,533 Cr.), while ITC Limited recorded the highest MVA (mean ₹42,18,379.04 lakhs), reinforcing the distinction between accounting and market-based value creation.
3. Dr. Reddy's Laboratories outperformed pharmaceutical sector peers in EPS, ROE, and EVA; Cipla led in ROA (10.99%); Sun Pharma dominated in MVA (₹1,89,444.18 lakhs).
4. Bajaj Auto led the Automobile sector in ROE (24.17%), ROA (19.41%), and EVA (₹2,621.59 Cr.), while Maruti Suzuki achieved the highest EPS (₹251.80) and Tata Motors recorded the highest MVA (₹1,73,862.69 lakhs).
5. Correlation analysis revealed a significant positive ROE–MVA association in Banking ($r = 0.582$) and significant ROE–EVA relationships in FMCG ($r = 0.518$) and Automobile ($r = 0.508$) sectors.
6. Multiple regression confirmed EPS, ROE, and ROA as significant predictors of MVA ($F = 19.083$, $R^2 = 0.226$, $p < 0.001$), with ROA as the dominant positive predictor ($\beta = +0.765$). These variables, however, do not significantly predict EVA.
7. ANOVA revealed no significant inter-sector differences in EVA ($F = 0.121$, $p = 0.947$), but highly significant inter-sector differences in MVA ($F = 48.858$, $p < 0.001$), with the FMCG sector creating the highest shareholder wealth.
8. The pharmaceutical sector showed no statistically significant correlations among ROE, EVA, and MVA, highlighting the sector's unique value drivers rooted in R&D outcomes, regulatory approvals, and product pipeline.

6. CONCLUSION AND SUGGESTIONS

6.1 Conclusion

This study offers broad-based empirical evidence examining the dynamics of shareholder value creation across India's four principal corporate sectors over a ten-year period spanning 2016 to 2025. The results establish that profitability and the efficient deployment of assets serve as pivotal determinants of both economic and market-oriented shareholder wealth. A particularly noteworthy observation is that the firms leading in EVA and MVA within any given sector frequently differ from one another, highlighting the fundamental distinction between internally measured economic performance and the external perception of value reflected in market behavior.

Among the sectors studied, FMCG emerges as the dominant wealth creator in market valuation terms, propelled by the strength of consumer brands, consistently stable demand patterns, and sustained investor confidence in essential consumer goods. In the Banking sector, value creation is increasingly shaped by the superior asset quality and ongoing digital transformation initiatives of private sector institutions. The Pharmaceutical sector exhibits a distinctive value creation dynamic, one that is governed less by conventional profitability indicators and more by the strength of innovation pipelines and the outcomes of international regulatory processes. Within the Automobile sector, wealth creation is predominantly led by two-wheeler manufacturers, a reflection of resilient domestic demand and the relatively capital-efficient nature of that segment.

The study ultimately concludes that organizations committed to value-based management principles — encompassing EVA-oriented decision making, deliberate optimization of capital structures, and transparent market communication — are inherently better equipped to sustain long-term shareholder wealth creation. The alignment between strong ROA and elevated MVA, as empirically validated through regression analysis, provides a clear and actionable strategic direction for corporate financial management.

6.2 Suggestions

- Companies with negative EVA should urgently review their capital allocation strategies and cost of capital to restore economic profitability.
- Banking sector companies, especially public sector banks, must accelerate digital transformation and non-performing asset resolution to achieve MVA parity with private sector peers.
- Pharmaceutical companies should prioritise R&D investment and USFDA compliance as primary drivers of both EVA and investor confidence.
- Automobile sector companies should focus on EV transition strategies and operational efficiency to improve ROA and EVA, given the sector's capital-intensive nature.
- Investors should use MVA alongside EPS and ROE when screening stocks, particularly in sectors where market valuation premium decouples from accounting profitability.

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