

**VALUE RELEVANCE OF MODERN MEASURES OF SHAREHOLDERS VALUE  
CREATION AND TRADITIONAL ACCOUNTING VARIABLES WITH SHARE PRICES –  
ANALYSIS OF AUTOMOBILE INDUSTRY IN CNX NIFTY**

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**ABSTRACT**

*In today's competitive business environment, companies strive to perform well and in turn create value to their shareholder's wealth. Value creation has become a necessity for corporate companies to sustain in the long run. Value-based performance measures have gained popularity in contemporary times as these are linked to the value drivers of a company. The performance of companies assessed based on value-based measures like EVA (Economic Value Added) and MVA (Market Value Added) acts as a benchmark to make informed decisions during investments. Whilst in past years, the company's performance was assessed by traditional measures like ROE, ROI, EPS, and other financial ratios. This paper attempts to test a model of traditional accounting variables and modern value-based measures like EVA and MVA with respect to their effect on Share prices of companies belonging to the Automobile industry in CNX NIFTY using a hypothesized model. Structural Equation Modelling was performed to test the model collecting the data for a period of ten years from 2005 to 2014 by using AMOS 18 version. The performance of the companies was evaluated based on the return ratios, leverage ratio, EPS, total assets, the percentage of EVA to capital employed (EVA%), EVA and MVA. The results proved value relevance of these metrics with respect to share price which could enable investors in making informed decisions about investments in these companies.*

**KEYWORDS:** *Economic Profit, EVA, MVA, Informed Decisions, Share Price, Value Creation*

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**Article History**

**Received: 25 Feb 2019 | Revised: 02 Mar 2019 | Accepted: 15 Mar 2019**

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