International Journal of Management, IT & Engineering
Vol. 7 Issue 12, December 2017,
ISSN: 2249-0558 Impact Factor: 7.119
Journal Homepage: http://www.ijmra.us, Email: editorijmie@gmail.com
Double-Blind Peer Reviewed Refereed Open Access International Journal - Included in the International Serial Directories Indexed & Listed at: Ulrich's Periodicals Directory ©, U.S.A., Open J-Gage as well as in Cabell's Directories of Publishing Opportunities, U.S.A

AN ANALYSIS OF SHAREHOLDERS VALUE OF THE SELECT PRIVATE SECTOR NON-BANKING FINANCE COMPANIES IN INDIA

Dr.N.Deepa*

Dr.V.Thilagavathi**

ABSTRACT

Corporate management has been placed under a growing pressure to implement financial strategies that create value for its shareholders, although maximizing shareholders wealth has become a paramount corporate mission. Non-Banking Finance Companies also to generate value for shareholders and value based management systems have been developed. In this study an attempt has been made to identify the shareholder value of the select private sector Non-Banking Finance Companies in India for the period of 2000-2014through the technique of EVA. Economic Value Added (*EVA*) is the financial performance measure that comes closer than any other to capture the true economic profit of an enterprise. From the analysis, it is observed that all the select Non-Banking Finance Companies have achieved a positive and significant growth in shareholder value addition (EVA) and Net Operating Profit after Tax (NOPAT) is the most significant factor in determining shareholder value of the sample firms.

Key words: Economic value added, Earnings per share, Net operating profit after tax.

* Assistant Professor, Department of Commerce, Sri Vasavi College, Erode.

** Assistant Professor, Department of Commerce (CA), Vellalar College for Women (Autonomous), Erode.

1.1 INTRODUCTION

Nowadays, investors and portfolio managers are keen to find the 'best companies' in terms of value creation. The purpose behind this is to take decisions regarding stock selection, portfolio construction and risk control. The shareholders are always the residual claimants who need to be satisfied with suitable returns. Without this, the business entity is no longer viable and is not likely to continue as a growing concern. Shareholders' wealth is measured in terms of the returns they receive on their investment. The returns can either be in the form of dividends or in the form of capital appreciation or both. Capital appreciation in turn depends on the subsequent changes in the market value of shares. This market value of shares is influenced by a number of factors; this can be company specific, industry specific and macro-economic in nature. To help Non-Banking Finance Companies to generate value for their shareholders, value based management systems have been developed. The value measurement system, aims at bridging the gap between value creation principles and management practices or decision-making. In the past, the return for the investment was measured in terms of return on investment, earnings per share, growth in EPS, etc. However, the new performance metrics based on value based measures look at maximising long term yields on shareholders' investment. EVA is one such measure. EVA is conceptually simple as it starts with operating profit and simply deducts a charge for the capital invested in the company. EVA thus, represents the amount by which earnings exceed or fall short of the required minimum rate of return that the investors could get by investing in securities of comparable risks. EVA measures performance in terms of change in value. Maximising value in the EVA context means maximising long-term yield on shareholder's investment. This article has made an earnest effort in determining such value of the sample companies.

1.2 REVIEW OF LITERATURE

George Owusu-Antwi etal (2015)[1] investigated the determinants of banks profitability in Ghana for the period 1988 to 2011 using Economic Value Added (EVA) technique to measure performance. The study evaluated two performance yardsticks (EVA&ROA) to determine the best alternatives. The study revealed that the cost of income ratio (CIR) showed significant relationship with the economic value added yardstick of bank performance. With EVA and ROA as dependent variable, inflation and unemployment were found to be insignificant with the anticipated signs. It was found from the study that EVA shown to be the best performance yardstick, but if Ghanaian banks expand their off-balance activities, the EVA was likely to

become the best reliable measure of performance. **Karam Pal Narwal and Shweta (2015)**[2] aimed to analyze and evaluate the effects of Economic Value Added, Market Value Added and other performance variables on return of banks in India of public and private sector banks for a ten year period from 2002-03 to 2011-12. Correlation and various Regression models were applied to test the hypotheses of the present study. Market Value Added was found to be significant and positive with return on assets but positive and insignificant with return on equity. A significant positive relationship of ROE with EVA and an insignificant positive association of ROE with MVA state that shareholders give more importance to economic value than the market value of banks in India. **BenedictoOnkobaOngeri (2014)**[3] made an empirical investigation on the relationship between Economic Value and Accounting Value among commercial banks in Kenya and based 43 commercial bank with a sample population of 30 commercial banks between 2008 and 2012 with 150 observations. The regression results revealed that there was significant positive relationship between Return on Assets and Economic Value depicting its influence on Economic Value of Kenyan commercial banks. Further, the findings indicated a significant positive relationship between Earnings per share and Economic Value which implied that investors place significant value on a company's earnings. **BijayPrakashVerma et al. (2013)**[4]focused on mergers and acquisitions and their impact on Indian bank's corporate values by analyzing pre- and post-merger performance. The period 2000 and 2010 was covered for the study. The study included EVA to evaluate the performance of selected banks in pre- and post-merger periods. It was concluded that Indian banks, though small in comparison to their global counterparts, were taking great strides not only within the continental shelf of India but even beyond its borders too. **KasturiRangan S. (2013)**[5]evaluated the merger of HDFC bank and Centurian Bank of Punjab using Economic Value Added to measure the performance of the banks. The pre-merger period (2005 to 2010) and post-merger period (2010 to 2013) were considered for the purpose of the study. The analysis of the study revealed that EVA exhibited cyclical trend after the merger. The banks had destroyed shareholder value during the year 2011 possibly due to very high cost of equity (34.38%) and had increased value in 2013 for the bank. **Kosalathevi T. (2013)**[6] examined the impact of Economic Value Added on Financial Performance of selected private banks in Sri Lanka during the period 2006-2012 (7 years). The results revealed that there was no significant positive relationship between value EVA and ROI, ROA and liquid assets to liabilities. But, there was a strong positive relationship between EVA

and ROE High value leading to higher financial performance. It was also concluded that the Economic Value Added had significant impact on financial performance of the select private banks in Srilanka. **AnamCharan Raul (2012)**[7]conducted a study on impact of Merger and Acquisitions on shareholder's wealth in India both in pre and post merger periods for 3 years 2009-2011. This investigation included an evaluation of value addition to shareholders of banks in India after merger by using three value added parameters of corporate performance such as EVA, MVA and ROCE. This paper also included four public merger banks (SBI, BOB, DB, and PNB) and four private merged banks (ICICI, Indus ind, HDFC, IDBI). The study concluded that mergers do not lead to improve post-merger performance since the most important motive of profitability has not been achieved.

1.3 OBJECTIVES OF THE STUDY

The following are the main objectives:

- To measure the Shareholders Value of the select private sector Non-Banking Finance Companies in India through Economic Value Added.
- To identify the factors determining Shareholders value of Select Private Sector Non-Banking Finance Companies in India.

1.4 METHODOLOGY

The study covers a period of 15 years from 2000-2001 to 2014-2015. It was decided to include only those companies having continuous and uniform data throughout the period of 15 years from 2000-01 to 2014-15 and the firms' whose market capitalization is more than Rs.2000 crores. Based on the above criteria, 9 leasing and Hire Purchase Finance Non-Banking Financial Companies were selected as the sample for the present study.

S. No	Name of the Companies	
1	Bajaj Finance Limited	BFL
2	Shriram Transport Finance Company Limited	STFCL
3	Sundaram Finance Limited	SFL
4	Mahindra&Mahindra Financial Services Limited	MMFSL
5	Shriram City Union Finance Limited	SCUFL
6	Cholamandalam Investment Finance Company Limited	CIFCL

7	SREI Infrastructure Finance Limited	SREIIFL
8	Manappuram Finance Limited	MFL
9	Magma Fincorp Limited	MFCL

1.5 HYPOTHESES OF THE STUDY

To fulfill these objectives, the following hypothesis have been formulated and tested.

- There is no significant difference in the EVA and its components among the select Private Sector Non-Banking Finance Companies in India.
- There is no significant relationship between NOPAT, EPS and Economic Value Added of the Select Private Sector Non-Banking Finance Companies.

1.6. EMPIRICAL ANALYSIS

1.6.1. Net Operating Profit after Tax (NOPAT)

Net Operating Profit after Tax (NOPAT) is a company's after-tax operating profit for all investors, including shareholders and debt holders. It is a measure of profit that excludes the costs and tax benefits of debt financing. NOPAT is earnings before interest and taxes (EBIT) adjusted for the impact of taxes. The Net Operating Profit after Tax (NOPAT) of the select Private Sector Non-Banking Finance Companies for the period from 2000-01 to 2014-15 is presented in the following Table.

Table .1
Net Operating Profit after Tax of the Select Private Sector Non-Banking Finance Companies

Rupees in Crores

Year	BFL	STFCL	SFL	MMFSL	SCUFL	CIFCL	SREIIFL	MFL	MFCL
2000-01	44.28	79.39	256.53	73.88	46.25	66.06	71.93	4.05	40.91
2001-02	55.76	93.62	220.93	101.69	46.77	105.65	89.04	4.70	33.24
2002-03	45.28	105.40	226.38	127.60	46.59	123.74	90.61	5.35	26.77
2003-04	52.68	147.23	209.29	160.55	82.48	114.23	81.26	7.38	43.52
2004-05	76.38	200.00	280.48	210.67	115.60	116.53	74.14	9.50	38.17
2005-06	64.43	539.10	413.35	321.91	128.15	114.28	142.99	11.06	55.69
2006-07	124.38	875.48	444.50	450.04	173.86	187.60	273.61	19.44	113.42
2007-08	125.42	1602.4	664.95	623.83	312.38	362.31	398.17	35.18	214.39
2008-09	142.84	2433.0	726.82	713.84	503.89	480.31	243.66	65.89	324.40
2009-10	232.80	2984.4	794.08	834.57	605.59	360.55	342.11	250.17	382.71
2010-11	567.33	3346.3	941.67	1111.8	713.71	514.11	531.71	598.32	425.99
2011-12	967.65	3549.7	1233.4	1725.5	1176.6	1036.3	793.76	1631.1	626.50
2012-13	1545.5	4012.6	1485.8	2483.9	1760.5	1534.6	1264.77	1350.5	808.40

2013-14	1965.7	4906.3	1603.6	3055.5	1780.8	1981.3	1428.16	1228.3	992.81
2014-15	2743.3	5446.9	1616.3	3305.8	1834.2	2169.8	1419.44	1112.4	1035.9
Mean	**583.59**	**2021.5**	**741.21**	**1020.1**	**621.83**	**617.83**	**483.02**	**422.23**	**344.19**
SD	**847.43**	**1906.5**	**522.13**	**1103.3**	**682.44**	**717.08**	**502.20**	**596.62**	**361.53**
CV(%)	**145.21**	**94.311**	**70.44**	**108.16**	**109.75**	**116.07**	**103.97**	**141.30**	**105.04**
AGR(%)	**31.53*** **	**34.71*** **	**16.68*** **	**28.12*** **	**30.72*** **	**25.40*** **	**24.06*** **	**50.66*** **	**29.59*** **

Source: Compiled and computed from the annual reports of non-banking finance companies.
significant at 10% level, ** significant at 5% level, * significant at 1% level.*

From the Table 1 it is found that the NOPAT of BFL, STFCL and M&MFSL showed an upward trend during the study period. The other firms show a fluctuating trend from 2003-04 to 2005-06 and thereafter it records an increasing trend. It is also observed that all the select Non-Banking Finance Companies achieved a positive and significant (at 1% level) trend in Net Operating Profit after Tax. It is further noted that the NOPAT showed considerable increase after 2008-09. The dispersion results with standard deviation and co-efficient of variation of the all the select NBFCs revealed that the variation is inconsistent with low degree of uniformity.

1.6.2. Weighted Average Cost of Capital (WACC)

Weighted average cost of capital (WACC) is the average after-tax cost of a company's various capital sources, including common stock, preferred stock, bonds and any other long-term debt. The Weighted average cost of capital (WACC) of the select Private Sector Non-Banking Finance Companies for the period from 2000-01 to 2014-15 is presented in the following Table.

Table 2
Weighted Average Cost of Capital of the Select Private Sector Non-Banking Finance Companies

Rupees in Crores

Year	BFL	STFCL	SFL	MMFSL	SCUFL	CIFCL	SREIIFL	MFL	MFCL
2000-01	33.30	41.55	160.70	49.64	23.50	46.99	45.56	2.15	27.76
2001-02	35.02	47.46	147.19	57.76	22.98	61.76	54.46	2.51	23.36
2002-03	31.67	51.51	149.40	65.46	23.74	67.30	55.35	2.87	24.10
2003-04	30.57	70.00	134.05	74.02	39.67	65.05	47.18	3.92	22.29
2004-05	36.41	101.30	175.06	101.85	56.84	74.34	39.60	4.76	20.58
2005-06	71.81	302.32	208.14	180.02	60.50	71.67	90.78	5.66	31.46
2006-07	142.19	471.71	268.51	245.74	99.28	111.73	148.50	7.49	65.17
2007-08	170.84	825.19	348.31	386.31	161.99	208.44	304.27	12.08	114.22
2008-09	177.66	1198.0	432.88	437.02	281.76	271.76	202.25	37.08	182.09
2009-10	188.76	1574.0	432.26	449.34	328.70	224.16	204.25	135.37	203.11
2010-11	300.35	1701.1	494.07	606.15	372.26	341.99	491.86	364.87	219.30
2011-12	497.06	1913.9	656.99	904.46	628.45	598.33	661.24	842.41	405.11
2012-13	860.70	2197.5	798.62	1344.8	948.48	849.43	922.68	904.68	458.51
2013-14	1066.0	2895.9	892.18	1721.1	1007.3	1094.3	1027.39	852.50	566.40

2014-15	1469.0	3277.2	966.69	1953.9	1171.1	1199.8	1005.47	759.90	590.84
Mean	**340.76**	**1111.2**	**417.67**	**571.84**	**348.44**	**352.48**	**353.39**	**262.55**	**196.95**
SD	**443.86**	**1099.3**	**287.44**	**628.49**	**399.28**	**394.21**	**372.36**	**373.35**	**208.05**
CV(%)	**130.26**	**98.93**	**68.82**	**109.91**	**114.59**	**111.84**	**105.37**	**142.20**	**105.64**
AGR(%)	**29.70*** **	**35.69*** **	**15.42*** **	**28.20*** **	**32.00*** **	**24.73*** **	**26.21*** **	**52.60*** **	**28.11*** **

Source: Compiled and computed from the annual reports of non-banking finance companies.

significant at 10% level, ** significant at 5% level, * significant at 1% level.*

From the Table 2 it is observed that the Weighted Average Cost of Capital of all the select Non-Banking Finance Companies show an increasing trend and achieved positive growth rate which is also statistically significant at 1% level during the study period. The WACC of BFL, STFCL SFL and M&MFSL shows an upward trend during the study period. The dispersion results with standard deviation and co-efficient of variation of the all select NBFCs revealed that the variation in the Weighted Average Cost of Capital is inconsistent with low degree of uniformity.

1.6.3. Economic Value Added (EVA)

Economic Value Added (*EVA*) is a value based performance measure that gives importance on value creation by the management for the owners. To put it simply, EVA is the difference between Net Operating Profit after Tax (NOPAT) and the capital charge for both debt and equity (overall cost of capital). If NOPAT exceeds the capital charge, EVA is positive and if NOPAT is less than capital charge, EVA is negative. The Economic Value Added (EVA) of the select Private Sector Non-Banking Finance Companies for the period from 2000-01 to 2014-15 is presented in the following Table.

Table 3

Economic Value Added of the Select Private Sector Non-Banking Finance Companies

Rupees in Crores

Year	BFL	STFCL	SFL	MMFSL	SCUFL	CIFCL	SREIIFL	MFL	MFCL
2000-01	10.98	37.84	95.83	24.24	22.75	19.08	26.37	1.91	13.15
2001-02	20.74	46.17	73.74	43.93	23.79	43.90	34.58	2.19	9.88
2002-03	13.61	53.89	76.99	62.14	22.85	56.45	35.26	2.48	2.67
2003-04	22.11	77.23	75.25	86.53	42.81	49.18	34.08	3.47	21.23
2004-05	39.97	98.70	105.42	108.82	58.76	42.19	34.54	4.75	17.59
2005-06	-7.38	236.78	205.21	141.89	67.65	42.61	52.21	5.40	24.23
2006-07	-17.81	403.77	175.99	204.30	74.58	75.88	125.11	11.95	48.25
2007-08	-45.42	777.27	316.64	237.52	150.39	153.87	93.90	23.11	100.17
2008-09	-34.82	1234.96	293.94	276.82	222.13	208.55	41.41	28.81	142.31
2009-10	44.04	1410.35	361.82	385.23	276.89	136.39	137.86	114.80	179.60
2010-11	266.98	1645.19	447.60	505.68	341.45	172.12	39.85	233.45	206.69

2011-12	470.59	1635.81	576.41	821.07	548.20	438.00	132.52	788.73	221.39
2012-13	684.87	1815.09	687.18	1139.09	812.01	685.12	342.09	445.78	349.89
2013-14	899.71	2010.37	711.40	1334.34	773.43	886.91	400.78	375.81	426.41
2014-15	1274.2	2169.70	649.70	1351.90	663.07	970.02	413.97	352.57	445.15
Mean	**242.83**	**910.21**	**323.54**	**448.23**	**273.39**	**265.35**	**129.63**	**159.68**	**147.24**
SD	**406.98**	**817.61**	**237.67**	**477.41**	**287.71**	**323.52**	**138.74**	**235.00**	**154.79**
CV(%)	**167.60**	**89.83**	**73.46**	**106.51**	**105.24**	**121.92**	**107.03**	**147.17**	**105.13**
AGR(%)	**--**	**33.54*** **	**18.60*** **	**28.24*** **	**29.19*** **	**26.54*** **	**18.58*** **	**47.77*** **	**33.38*** **

Source: Compiled and computed from the annual reports of non-banking finance companies.

significant at 10% level, ** significant at 5% level, * significant at 1% level.*

All the select NBFCs have registered a positive and significant growth in their Economic Value Added during the period of study except BFL which shows a fluctuating trend during the period of study including a negative EVA from 2005-06 to 2008-09 due to low net operating profit after tax. It reveals that the select NBFCs are able to create shareholders value during the period of study except BFL. The dispersion results with standard deviation and co-efficient of variation of all the all select NBFCs reveal that the variation is inconsistent with low degree of uniformity.

1.7 Testing of Hypothesis

In order to test the significance of the difference in Net Operating Profit after Tax, Weighted Average Cost of Capital and Economic Value Added among the select private sector Non-Banking Finance Companies, "ANOVA" has been used and the results are shown in Table 4 The following null hypothesis is framed and tested in the study.

Null Hypothesis

$H_0$1: There is no significant difference in the mean Net Operating Profit after Tax among the select private sector Non-Banking Finance Companies.

H_0 2: There is no significant difference in the mean Weighted Average Cost of Capital among the select private sector Non-Banking Finance Companies.

H_0 3: There is no significant difference in the Economic Value Added among the select private sector Non-Banking Finance Companies.

Table 4

ANALYSIS OF VARIANCE

Variables	*SS*	*MS*	*F*	*P-value*	*F crit*
Net Operating Profit after Tax	31401381	3925173	4.6718	0.000	2.0126
	1.06E+08	840175.2			
	1.37E+08				
Weighted Average Cost of Capital	8886589	1110824	3.9683	0.000	2.0126
	35270204	279922.3			
	44156793				
Economic Value Added Total	7014886	876860.7	5.6193	0.000	2.0126
	19661424	156043			
	26676309				

Source: Computed.

It is found from Table 4 that the calculated value of F is greater than the table value of F in case of all the variables. Hence, this analysis rejects the null hypotheses framed for this purpose. Therefore, it can be concluded that there is significant difference in the mean NOPAT, mean WACC & mean EVA among the select private sector NBFCs in India.

1.8 DETERMINANTS OF SHARE HOLDER VALUE

1.8.1 MODEL SPECIFICATION

In this section, we formulate the model used to examine the relationship between the performance of non banking finance companies and the set of internal and external characteristics. Since the ultimate objective of management is to maximize the value of the shareholder's equity, an optimal mix of returns and risk exposure should be pursued in order to increase the profitability. To analyse the determinants of shareholders value of the study EVA is considered as dependant variable and NOPAT, Earnings per Share have been considered as independent variables. The following regression models have been constructed to solve the issues raised earlier based on ordinary Least Square Method.

The specification of the model is as follows:

$$Y_{[t1,t2]} = \alpha + \sum_{i=1}^{n} \beta_i X_i + \varepsilon$$

Where,

$Y_{[t1,t2]}$ is Economic Value Added (EVA)

X_i is the vector of independent variables and ' ε ' is the error term

Regression equations are estimated for the Select Private Non-Banking Financial Companies in India for a period of 15 years from 2000-01 to 2014-15. Table 1.5 gives the regression results for the regression equation of the select private sector Non-Banking Financial Companies.

Table 5

Regression Analysis of the Select Private Sector Non Banking Finance Companies

Name of the Company	Constant	NOPAT	EPS	R^2	Adjusted R^2	F	DW Statistics
BFL	-66.679 (-6.088)	0.318*** (8.195)	3.173*** (4.233)	0.996	0.996	1704.205***	1.112
STFCL	-1.745 (-0.055)	0.309*** (9.236)	10.54*** (3.656)	0.993	0.992	861.316***	0.549
SFL	-31.042 (-1.251)	0.450*** (30.061)	0.492 (0.931)	0.987	0.985	464.511***	1.408
MMFSL	-16.844 (-0.854)	0.431*** (49.253)	1.187 (1.68)	0.995	0.994	1217.210***	1.255
SCUFL	-12.873 (-0.638)	0.264** (2.972)	3.652 (1.751)	0.985	0.983	405.645***	1.236
CIFCL	-7.701 (-1.092)	0.451*** (78.236)	-0.468 (-1.17)	0.998	0.998	3063.913***	1.239
SREIIFL	-35.601 (-1.308)	0.279*** (11.766)	8.807 (1.671)	0.926	0.913	74.543***	0.893
MFL	-13.957 (-0.514)	0.386*** (13.738)	1.255 (0.663)	0.942	0.932	96.762***	1.808
MFCL	-8.127 (-1.112)	0.428*** (39.218)	0.784 (1.743)	0.992	0.991	770.203***	3.029

** Significant at 10% level, ** Significant at 5% level, *** Significant at 1% level.*

Figures in parenthesis denotes 't' value.

It is found from the above table that the values of Adjusted R^2 ranges from 0.91 to 0.99 and is statistically significant at 1 per cent level in all the select sample firms as is depicted from their 'F' values. This indicates that both the explanatory variables together have a significant influence on the economic value added of the select private sector Non-Banking Finance Companies. Further, the value of Durbin-Watson statistics reveals that there is no auto correlation problem in the case of MFL and MFCL as the DW values are greater than the critical value of 1.54 at 5 per cent level and the results of other companies like BFL, SFL, MMFSL, SCUFL & CIFCL were found inconclusive as their values are between 0.95 and 1.54, Whereas, there is autocorrelation problem in case of STFCL&SREIIFL as their values are below 0.95.

From the analysis, it is found that the explanatory variable Net Operating Profit after Tax shows the expected positive sign in all the sample firms and hence it is said to be an important determinant of Economic Value Added in all the select Non Banking Finance Companies. The relationship between NOPAT and EVA is found significant in the case of all the select NBFCs. Hence, the hypothesis is rejected. The other exogenous variable Earnings per Share has obtained a positive association with all the select NBFCs except CIFCL. But the association is significant only in the case of BFL and STFCL. Hence it can be concluded that Earnings per Share has emerged as one of the important variables in determining Economic Value Added of Bajaj Finance Ltd and Shriram Transport Finance Company. The above result discloses that the hypothesis stands invalid in the case of BFL and STFCL. However, in the rest of the firms, it stands valid. From the analysis, it can be concluded that both the variables explain well the share holders' value of select private sector Non-Banking Finance Companies. However, the most significant factor that influences the Economic Value Added of the select private sector Non-Banking Finance Companies turns out to be Net Operating Profit after Tax. The other variable Earnings per Share does not have significant impact on EVA in most of the select private sector NBFCs.

1.9 CONCLUSION

In view of the recent literature and financial valuation model, the shareholders value has been defined in terms of Economic Value Added, which has become the most fashionable measurement for determining the ability of a company to generate an appropriate rate of return. This article examined the Shareholders Value Creation of the Select Private Sector Non Banking Finance Companies in India during the period from 2000-01 to 2014-15. From the

analysis, it is observed that all the select Non-Banking Finance Companies have achieved a positive and significant growth in shareholder value addition (EVA) over the period of study except BFL which shows a negative EVA from 2005-06 to 2008-09. But there exists significant difference in the EVA among the sample companies. Of all, Mahindra & Mahindra Finance Ltd, Shriram Transport Finance Company Ltd and Sundaram Finance Limited have occupied the premier position in the shareholder value addition. It is also found from the analysis of regression that the Net Operating Profit after Tax (NOPAT) is the most significant factor in determining EVA of the sample firms. But the other variable, Earnings per Share does not have significant impact on EVA in most of the select private sector NBFCs.

REEFERENCES

1. George Owusu-Antwi, Lord Mensah, Margret Crabbe & James Antwi, "Determinants of Bank Performance in Ghana, the Economic Value Added (EVA) Approach", *International Journal of Economics and Finance,* Vol. 7, No. 1, 2015, pp. 203 - 215.
2. Karam Pal Narwal and Shweta, "Nexus between Performance and Value Addition in Banking Sector",*International Journal of Research in Management, Science & Technology,* Vol. 3, No. 2, April 2015, pp. 126 - 132,
3. BenedictoOnkobaOngeri, "Economic Value - Accounting Value Nexus: -The Effect of Accounting Measures on Economic Value Added Amongst the Kenyan Commercial Banks", *Global Journal of Contemporary Research in Accounting, Auditing and Business Ethics (GJCRA), an Online International Research Journal* (ISSN: 2311-3162), Vol. 1, No. 3, 2014, pp. 182 - 200.
4. BijayPrakashVerma, "Merger & Acquisitions and their impact on corporate values: Pre and post merger analysis of Indian banks", *Indian Journal of Finance,* Vol. 7, No. 2, 2013, pp. 5- 16.
5. KasturiRangan, S. "Evaluation of Merger of HDFC Bank and Centurian Bank of Punjab EVA Analysis", *Journal of Arts, Science & Commerce*, Vol. – 4, Issue-3(1), 2013, pp. 160-164.
6. Kosalathevi T., "Impact of Economic Value Added on Financial Performance": Special Reference to Selected Private Banks in Sri Lanka, *Developing Country Studies,* Vol. 3, No. 13, 2013, pp. 102 - 107.
7. AnamCharan Raul, "Impact of M & AS on shareholder's wealth: Evidence from the Indian banking sector", *Zenith International Journal of Business Economics & Management Research,* Vol. 2, Issue 5, 2012, pp. 83-97.
8. Rajesh Patel &Mitesh Patel, "Impact of Economic Value Added (EVA) on share price: A study of Indian private sector banks", *International Journal of Contemporary Business Studies,* Vol. 3, No. 1, 2012, pp. 24-34.

9. RuhainiBintiMuda, Abdul Ghafar Ismail and ShahidaShahimi, "Profit-Loss Sharing and Economic Value Added in Islamic Banking Model",*Research Center for Islamic Economics and Finance, Working Paper in Islamic Economics and Finance,* No. 1105, April 2011, pp. 1 - 22.
10. ShurveerS.Bhanwat,"Shareholders' Wealth Measurement in Banking Sector in India through EVA" *IJRIM* Vol. 1, No.1, 2011 May, pp.51-52.
11. Roji George, "Complication of EVA in Indian banks", *The IUP Journal of Management*, 2005, pp. 1-15.
12. Mohammad SalehJahur and Al Nahian Riyadh, "Economic Value Added as a Management Tool - A Study on Selected Banking Companies in BangladeshComparing Traditional and Economic Performance Measures for Creating Shareholder's Value: a Perspective from Malaysia",*BankPosikrama,* Vol. XXVII, No. 1, March 2002, pp. 46-63.
13. Parasuraman,N.R.,"EconomicValue Added: Its Computation and Impact on SelectedBanking Companies", *The ICFAI Journal of Applied Finance,*Vol.6, No.4, 2006, pp14-30.
14. Arvind A. Dhond , "Shareholder's wealth measurement in Banking Sector in India through EVA", *Indian Journal of Research in IT and Management,* Vol. 1, Issue 1, 2001, pp. 1-27.
15. Thampy Ashok and BahetiRajiv, "Economic Value Added in Banks", *The ICFAI Journal of Applied Finance,* Vol.7, No.1, 2001, pp.44-55.