

**Minor Research Project Entitle: “SHAREHOLDERS’  
VALUE CREATION IN PHARMACEAUTICAL  
INDUSTRY OF GUJARAT” BY –Ahir K.D.  
EXECUTIVE SUMMARY**

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Corporate sector plays a vital role in creating employment, contribution in Gross Domestic Product and wealth creation for their stakeholders, such as shareholders, investors, employees and government. The concept of Shareholders' Value Creation becomes vision and mission of most corporate units in our nation. It becomes a social responsibility of corporate sectors to provide safety and security for their investors ensuring regular payment of returns. Shareholders and investors now well- aware about growth and development about their company.

For measuring financial performance, there are (1) Accounting profitability based performance such as EPS, ROCE, ROE, etc. and (2) Value based measurement such as MVA, EVA, etc. Value based financial performance is a new and developing concept but gaining considerable importance now a days. Market value Added (MVA) relates with external tool to measure financial performance of company, while Economic Value Added (EVA) relates with internal tool of measuring financial status of company. Corporate sector must earn sufficient profit which at least can meet their cost of capital employed. If the operating profit is higher than cost of capital employed, such company create wealth for their shareholders, but Net Operating Profit After Tax is less than capital charges that means that company destroyed wealth of their shareholders and also misuse public funds of country. Therefore concept of value creation and value based management is most important for shareholders, creditors, investors as well as employees, management and government point of view.

In India, growing numbers of companies have adopted and accepted value added concept like companies of western countries as a part of their annual report and accounts. The Gujarat state is pioneer in developing and producing variety of medicine for the betterment of human being. Gujarat state plays a vital role in Pharmaceautical Industry of country. Therefore, the researcher has selected the topic ‘Shareholders’ Value Creation of Pharmaceautical Industry of Gujarat’ and also

attempt to know whether these companies create value for their shareholders and stakeholders.

The present study consist, about theoretical conceptual and computation of practical accounting. It gives introduction of value based management and value creation. History of pharmaceutical Industry of world as well as India and Gujarat statealso discussed. Research methodology and review of literature presented also presented. The market value added (MVA) and the economic value added (EVA) explained with Accounting Value Added Statement. Ratio analysis and summary and findings of this research work and some useful suggestions also have been given.

This research work is a humble attempt to portray the reviews of Shareholders' Value creation in selected units of Indian pharmaceutical Industry.

I am hopeful that this research work will help academicians as well as corporate sectors and concerns like shareholders, employees, management, investors, government as well as society as a whole.

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