



A Comparative Analysis of Value Addition Capacity of Selected Cement Manufacturing Companies of India

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Abstract :

This is a comparative analysis of Value Addition capacity of two major cement manufacturing companies of India namely Ultratech Cement Ltd and Ambuja Cement Ltd. this study was done with the study period of 5 years starting from 2019-20 to 2023-24. For the purpose of analysis t test is used. To calculate GVA and NVA, additive method of value addition used and all the necessary data is taken from the annual reports of the respective companies. After calculation of data and testing the hypotheses, Ultratech cement was generating more GVA and NVA than Ambuja Cement Ltd and All null hypotheses were rejected.

Key Words : *GVA, NVA, Ultratech Cement, Ambuja Cement*

1.. Introduction

In this informative era, people want more financial information to invest with more trust. Income Statement and other financial statement are limited to provide information to certain extent. On the other hand, Value Added Accounting (Value Added Statement (VAS)) is able to provide more information. It gives information about how much any business generate the Value (Gross and Net). So, it will be more useful to all the stakeholders. If any business has more capacity to generate more value, then in long run it will definitely be beneficial to all stakeholders. So, Value Addition gives a glimpse of future success and that is why it is currently becoming more and more famous.



2. Review of Literature

A. D. Patel (2018), this research paper explains fundamentals of Value Added and Value Added Statement. This paper throws lights on how concept of Value Added is came up, history of Value Added Statement and how Value Added Statement is helpful in current situation. Moreover, this paper also talks about various types of Value like Gross Value Added (GVA), Net Value Added (NVA), Economic Value Added (EVA) and Market Value Added (MVA).^[4]

A. P. Chirodiya (2022), this research article is a comparative study based on Value Added of two giant cement manufacturing companies namely Ultratech Cement Ltd and Ambuja Cement Ltd. Researcher found out the Gross Value Added (GVA) and Net Value Added (NVA) of both companies and analyze it thoroughly. The conclusion of this study was that Ultratech cement was quite performing well than Ambuja cement Ltd. (Chirodiya, 2022) ^[3]

C. V. Staden, (2000), this research paper is all about to find out the usefulness of Value Added Statement. In 1999-2000, it was very famous that Value Added Statement is very useful than traditional statement. To testify this statement research took many samples and done an empirical study on that. It was found out that Value Added Statement actually gives more financial information than traditional system. Hence, it is much useful to its users.^[6]

Polisetty & Madhuri (2018), this paper is based on the fact that if Value Added Statement can disclose the information that needed to be disclosed or not. For that researchers took a sample of Volkswagen company from automobile industry to study the fact deeper. At the end of the study after the analysis of data, it was found out that Value Added Statement can actually disclose or reveal the necessary data that needed to be known to its various users. ^[5]

3.. RESEARCH METHODOLOGY:

3.1 Objectives of the study

- To calculate Gross Value Added and Net Value Added of Selected Cement Companies
- To find out and analyze major change in Gross Value Added and Net Value Added

3.2 Sample and Sample Selection

- All the samples from Cement industry are selected with the help of Non-Probability technique (Judgmental method) of sampling.



All Companies are selected on the basis of Net Profit of the financial year 2023-24. Which are as below:

Name of Sample Company	Net Profit (in Rs.)
Ultratech Cement Ltd	6,981.95 Crores
Ambuja Cement Ltd.	2,334.69 Crores

3.3 Period of the study

- The study is conducted for 5 years starting from 2019-20 to 2023-24.

3.4 Hypotheses of the study-

- H_0 = There is no significant difference in Gross Value Added of Selected Cement companies.
- H_0 = There is no significant difference in Net Value Added of Selected Cement companies

3.5 Tool for analysis

For the purpose of analysis and interpretation, student t-test is used at 5 % level of significance.

4. Analysis and Interpretation

Table No. 1 Ultratech Cement Ltd

Years	Profit Before Tax	(+) Cost Of Employees	(+) Depreciation	(+) Interest	Gross Value Added (GVA)	(-) Depreciation	Net Value Added (NVA)
2019-20	5183.95	2519.86	2722.66	1991.56	12418	2722.66	9695.37
2020-21	7855.46	2353.02	2700.23	1485.65	14394.40	2700.23	11694.10
2021-22	8362.70	2534.68	2714.75	944.71	14556.80	2714.75	11842.10
2022-23	7412.22	2738.97	2887.99	822.72	13861.90	2887.99	10973.90
2023-24	9400.21	3037.58	3415.30	968.00	16821.10	3415.30	13405.80

(Source : Annual Reports of Ultratech Ltd)



Analysis :

The above table comprises the data of Gross Value Added (GVA) and Net Value Added (NVA) of Ultratech Cement Ltd during the period of 2019-20 to 2023-24. It can be noticed that in the context of GVA, Ultratech Cement was consistent. It was started with 12,418 Crores in 2019-20, which increased to 14,394.40 Crores in 2020-21 showing the increasing trend. This trend also continued till 2021-22, in which it touched the mark of 14556.80 Crores. Then it dropped in 2022-23 to 13861.90 Crores but then it rejuvenates itself and increased to 16,821.10 Crores in 2023-24.

It was similar for Net Value Added also. It started things off from 9,695.37 in 2019-20. After which it increased to 11,694.10 Crores in subsequent year of 2020-21. Then it increased again in 2021-22 to 11,842.10 Crores. Then it got dropped to 10,973.90 Crores in 2022-23 and it increased again in 2023-24 to 13,405.80 Crores.

Table No. 2 Ambuja Cement Ltd

Years	Profit Before Tax	(+) Cost Of Employees	(+) Depreciation	(+) Interest	Gross Value Added (GVA)	(-) Depreciation	Net Value Added (NVA)
2019-20	3855.34	1570.75	1152.52	169.87	6748.48	1152.52	5595.96
2020-21	3977.15	1540.4	1161.78	140.22	6819.55	1161.78	5657.77
2021-22	5144.24	1529.15	1152.49	145.66	7971.54	1152.49	6819.05
2022-23	3055.05	800.16	832.42	127.97	4815.60	832.42	3983.18
2023-24	3107.45	587.28	937.95	162.25	4794.93	937.95	3856.98

(Source : Annual Reports of Ambuja Ltd)

Analysis :

The above table shows the data of Gross Value Added (GVA) and Net Value Added (NVA) of Ambuja Cement Ltd. It can be seen that GVA of Ambuja Ltd was increasing during 2019-20 to 2021-22. Specifically, in 2019-20, it was 6,748.48 Crore which increased to 6,819.55 Crore in 2020-21. Then in 2021-22, it increased again to 7,971.54 Crore. After which it decreased in 2022-23 to 4,815.60 Crore and further down to 4,794.43 Crore in 2023-24.

Likewise the GVA, NVA also showing the incremental trend during the first three years of study. It was 5,595.96 Crore in 2019-20. Which increased to 5,657.77 Crore in 2020-21. Then in 2021-22, it increased



further to 6,819.05 Crore. Then it was hit by a major downfall and it was decreased to 3,983.18 Crore in 2022-23 and in 2023-24, it was further reduced to 3,856.98 Crore.

5. Table No. 3 t – test result

No.	Ratio	Calculated Value (t-stat)	Table Value (t crit)	Result
1	Gross Value Added (GVA)	8.67	2.31	H₀ is REJECTED
2	Net Value Added (NVA)	7.69	2.31	H₀ is REJECTED

Analysis :

It can be seen that table value for the Gross Value Added (GVA) is 2.31 and Calculated value for the same was 8.67 @ 5 % level of significance and here, table value is lower than calculated value hence, Null hypothesis is rejected and it can be said that there is a significant difference in Gross Value Added (GVA) of selected cement companies.

For the Net Value Added (NVA), calculated value is 7.69 and Table value was 2.31 @ 5 % level of significance. At the same time here, calculated value is higher than table value and hence, null hypothesis is rejected and it can be said that there is a significant difference in Net Value Added (NVA) of selected cement companies.

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