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6.1 INTRODUCTION:

Researcher in common talk refers to a search for knowledge. One can also define research as a scientific and systematic search for pertinent information on a specific topic. The purpose of research is to discover answers to questions through the application of scientific procedures. The main aim of research is to find out the truth which is hidden and which has not been discovered as yet. Accounting also is an area of research. However, in accountancy, new ideas, new thoughts and new concepts are time base factors. Different problems like accounting for Human Resources, Inflation Accounting, Social Accounting, Value Added Accounting etc. are new concepts in accounting.

Corporate sector play important roll towards shareholders, employees, consumers, community, investors, suppliers, competitors, and government. Corporate social responsibilities towards shareholders are interested not only in the protection of their investment and the return on it but also in the image of the company. Responsibility to employees the success of corporate sector depends to very large extend on the morale of employees and their whole – hearted co-operation. Consumer is the foundation of a business and keeps it in existence therefore corporate sector responsible for it for it, increase productivity and reduce prices, improve quality, and smoothen the distribution system to make goods easily available. Corporate sector responsible for community to prevent environment pollution, contribute to research and development, development of backward. It is responsible for investors to ensuring safety of their investment, regular payment of interest, timely repayment of principal amount. Responsible for suppliers to give regular orders for purchase of goods, deal on fair terms and conditions, available reasonable credit period, timely payment of dues. And also responsible towards government not to offer exceptionally high sales commission to distributors, agents etc., not to offer to customers heavy discounts and or free products in every sale, not to defame competitors through false or ambiguous advertisements.

Accounting is a language of business. Accounting is an analysis and interpretation of accounting records containing financial and economic information of transactions and other events profitably to a business. To operate a business profitably and to star solvent, profitability and solvency of a firm should be measured at regular
intervals in order to know the aggregate position since alarming is the art of measuring, describing and interpreting financial and economic activities of a business, it is essential, for an accounting system, to record, classify and summaries the entire. Lot of events since accounting is a language of business, it should be communication to the parties related to and integrated in its act ivies. Such communication is made through corporate reporting process. It has assumed goat significances in recent years. In many countries the users of such reports. There are many parties who are much interested such as equity shareholders, lenders, bankers, financial institutions, tax-levying authorities, regulating authorities, government and various authorities in the accounting reporting of companies. By statutes, all the companies and corporate entities are reporting minimum information mandatorily.

Value added reporting is part of financial reporting that shows value addition by firms during the specific period of time and their application towards Employees, Government, Capital providers and retained by the firm himself towards development and expansion activities. Value added is meaningful measure of corporate performance rather than conventional measure based on traditional financial accounting and employees oriented, shareholders, Lenders and Government.

The selected corporate units are one of the key industries in India. It play a dominant role in the national economy. The selected corporation units like Wipro Tech Ltd., India’s largest IT industry, CIPLA Ltd. Is one of the best pharmaceutical industry in India, TATA consultancy Service Ltd., is fourth largest consultancy service software making industry in world. Reliance Industries Ltd.,is textiles, Oil refinery and other products producing Industry not only in India but also in world. In developing country like India, the needs for a well established among industries are of paramount importance. It is also important from the point of view of employment generation and revenues to the government in the foam of taxes and excise duties, to contribution to society. Tata Motors Ltd.is one of the leading company in automobile sector. Bharat Heavy Electricals Ltd.is the largest engineering and manufacturing enterprise in India in the energy related/infrastructure sector today. Since its inception more than four decades ago, BHEL has been at the helm of indigenous Heavy Electrical Equipment industry in India with a sustained track record of earning profit since 1971-72. BHEL has grown in stature over the years with continued inflow of
orders, manufacturing prowess, continued thrust on technology leading to a strong presence in domestic and international markets as a major supplier of power plant equipment besides establishing substantial inroads in select segment of products in Industrial sector and Railways. The company has realised the capability to deliver 15,000 MW p.a and the capacity expansion programme is underway to reach 20,000 MW p.a by 2012. Currently, 74% of the total power generated in the country is through BHEL sets. BHEL caters to core sectors of the Indian Economy viz., Power Generation and Transmission, Industry, Transportation, Renewable Energy, Defence, etc. The wide network of BHEL’s 15 manufacturing divisions, 2 repair units, 4 power sector regions, 8 service centres, 15 regional offices, 1 subsidiary and a large number of Project Sites spread all over India and abroad enables the Company to promptly serve its customers and provide them with suitable products, systems and services - efficiently and at competitive prices. In Indian oil Corporation Ltd. is India’s flagship national oil company, with business interests straddling the entire hydrocarbon value chain and the highest ranked Indian corporate in the prestigious Fortune ‘Global 500’ listing. With over a 34,000-strong workforce, Indian Oil has been meeting India’s energy demands for over five decades. The company’s operations are strategically structured along business verticals – Refineries, Pipelines, Marketing, R&D and Business Development. To achieve the next level of growth, Indian Oil is currently forging ahead on a well laid-out road map through vertical integration – upstream into oil exploration & production (E&P) and downstream into petrochemicals – and diversification into natural gas marketing and alternative energy, besides globalization of its downstream operations. Having set up subsidiaries in Sri Lanka, Mauritius and the United Arab Emirates (UAE), Indian Oil is simultaneously scouting for new business opportunities in the energy markets of Asia and Africa. In Infosys Technologies Limited (‘Infosys’ or ‘the Company’) along with its majority owned and controlled subsidiary, Infosys BPO Limited (‘Infosys BPO’) and wholly-owned and controlled subsidiaries, Infosys Technologies (Australia) Pty Limited (‘Infosys Australia’), Infosys Technologies (China) Co. Limited (‘Infosys China’), Infosys Consulting Inc (‘Infosys Consulting’), Infosys Technologies S. deR. L. de C. V. (‘Infosys Mexico’), Infosys Technologies (Sweden) AB (‘Infosys Sweden’), Infosys Tecnologia DO Brasil LTDA (‘Infosys Brazil’) and Infosys Public Services Inc, USA (‘Infosys Public Services’) and controlled trusts is a
leading global technology services corporation. The group of companies (‘the Group’) provides end-to-end business solutions that leverage technology thereby enabling clients to enhance business performance. The Group provides solutions that span the entire software lifecycle encompassing technical consulting, design, development, re-engineering, maintenance, systems integration, package evaluation and implementation, testing and infrastructure management services. In addition, the Group offers software products for the banking industry, business consulting and business process management services. Steel Authority of India Limited (SAIL) is one of the largest state-owned makers in India and one of the top steel makers in World. With a turnover of ₹48,681 crore, the company is among the top five highest profit earning corporate of the country. It is a public sector undertaking which trades publicly in the market is largely owned by Government of India and acts like an operating company. Oil and Natural Gas Corporation Limited (ONGC) is an Indian multinational oil and gas company headquartered in Dehradun, India. It is one of the largest Asia-based oil and gas exploration and production companies, and produces around 77% of India's crude oil (equivalent to around 30% of the country's total demand) and around 81% of its natural gas. It is one of the largest publicly traded companies by market capitalization in India.

The present study deals with the socials performance through value added reporting of selected units of different industries of India. The selected units are Wipro Tech Ltd., Cipla Ltd., Tata consultancy service Ltd., Reliance Industries Ltd., Tata motors Ltd., Bharat Heavy Electricals Ltd., Indian Oil Corporation Ltd., Infosys Ltd., Steel Authority of India Ltd., Oil & Natural Gas Corporation. For analyzing the value added statement of selected units, the data relating to Wipro, Cipla, TCS, Tata motors, BHEL, IOC, INFOSYS, SAIL, ONGC for the past five years viz 2005-06 to 2009-10 have been collected. The present study has been divided into five chapters and chapter wise summary have been discussed as here below:
Chapter: 1

CONCEPTUAL FRAMEWORK OF SOCIAL RESPONSIBILITY

&

VALUE ADDED REPORTING

In this chapter divided into two parts. It is as under:

2. Conceptual Framework of Value Added Reporting

There are various tools of social performance measurement in accountancy. Out of them value added accounting is taken here. The concept of value added defined as “Value added measures the wealth created by a business or an industry.” The value added statement is prepared and is divided into two parts.

1. The Generation of Net Value Added
2. The Application of Net Value Added

In the statement of Generation of Net Value Added is prepared. This net value added is distributed among employees, government, providers of capital and owners (Retained in business). Value added statement can be prepared in two purpose viz. Gross value added & Net value added. There are so many difficulties arise while preparing value added statement. Finally advantages and disadvantages of Value Added Statement are given.

Chapter -2

ABOUT INDUSTRY

In this chapter researcher has selected following industries.

1. WIPRO TECHNOLOGIES LTD

In this includes main points as History of Wipro, Major divisions, Highlight of company, Awards & Recognition, and Financial Highlight of Wipro

2. CIPLA LIMITED.

In this industry includes main points as History of Cipla, Company Products & Innovation, Milestones of Cipla, and Financial Highlight of Cipla Ltd.
3. **Tata Consultancy Services Limited.**

   In this industry requires main points of History of TCS Ltd., Offices & Development Centers, Innovation and R&D and Financial Highlight of TCS Ltd.

4. **Reliance Industries Limited.**

   In this industry mandatory points Overview of Reliance Industries Limited, Products & Brands, Milestones of RIL and Financial Highlight of RIL.

5. **Tata Motors Limited.**

   In this industry main point includes as History of Tata Motors, Important Developments, and Financial Highlight of Tata Motors.

6. **Bharat Heavy Electricals Limited.**

   In this includes main points as Overview of BHEL, Products Profile, Main Manufacturing Units, Board of Directors and Financial Highlight of BHEL.

7. **Indian Oil Corporation Limited.**

   In this includes main points as Overview of IOC, History of IOC, Board of Directors and Financial Highlight of IOC.

8. **Infosys Limited.**

   In this includes main points as History of IOC, Board of Directors, Social Activities and Financial Highlight of Infosys Ltd.

9. **Steel Authority of India Limited.**

   In this industry mandatory points as Overview of Infosys, History of Infosys, Main Units, Ownership & Management, Board of Directors and Financial Highlight of Infosys.

10. **Oil & Natural Gas Corporation Limited.**

    In this includes main points as Overview of ONGC, History of ONGC Products Profile, Board of Directors and Financial Highlight of ONGC.
Chapter: 3

RESEARCH METHODOLOGY

The subject of the present study is “SOCIAL PERFORMANCE THROUGH VALUE ADDED REPORTING” - (The Empirical Study of selected corporate units) which covers the period of the five years from 2005-06 to 2009-10. The study is based on secondary data published by the selected companies in their annual reports and accounts. The main objective of the present study is to measure the performance through value added statement of selected units. Various statistical measures like average, growth rate Student’s T-Test and one-way ANOVA and two-way ANOVA have been applied to test the validity of two hypotheses namely

1. Null hypothesis &
2. Alternative hypothesis.

Finally the limitations of present study have also been presented.

6.2 FINDINGS

Chapter: 4

[Data Analysis-I]

ANALYSIS AND INTERPRETATION OF VALUE ADDED STATEMENT

A study of Generation and Application of Net Value Added in selected corporate units under study has noticed the following findings:

WIPRO TECH LTD.

- Sales (X) and Gross value added (Y) of Wipro tech ltd. it is $r_1(x, y) = 0.9997$ that shows higher degree correlation between sales and Gross Value Added. Significance of correlation will also be tested through Student T- Test Hence, there is significant correlation between Sales and Gross Value Added, it means when sales increase or decrease as well as gross value added also will be increased or decreased, there are the evident proof of company that growing fast. The main reason is behind that company increase their service product of software and launch new product in global market.
Sales (X) and Gross value added (Y) of Wipro tech ltd. it is $r_1(x, y) = 0.9996$ that shows higher degree correlation between Sales and Net Value Added. Significance of correlation will also be tested through Student T- Test Hence, there is significant correlation between Sales and Net Value Added, it means when sales increase or decrease as well as gross value added also will be increased or decreased. The Highest growth in Net Value Added then later year of study is attributable to the optimum utilisation of capacities, improvement in operating efficiencies and successful marketing of products.

**CIPLA LTD.**

Sales (X) and Gross value added (Y) of Cipla ltd. it is $r_1(x, y) = 0.98$ that shows higher degree correlation between sales and Gross Value Added. Significance of correlation will also be tested through Student T- Test Hence, there is significant correlation between Sales and Gross Value Added, it means when sales increase or decrease as well as gross value added also will be increased or decreased.

Sales (X) and Gross value added (Y) of Cipla ltd. it is $r_1(x, y) = 0.97$ that shows higher degree correlation between Sales and Net Value Added. Significance of correlation will also be tested through Student T- Test Hence, there is significant correlation between Sales and Net Value Added, it means when sales increase or decrease as well as gross value added also will be increased or decreased.

**TATA CONSULTANCY SERVICES LTD.**

Sales (X) and Gross value added (Y) of TCS ltd. it is $r_1(x, y) = 0.9749$ that shows higher degree correlation between sales and Gross Value Added. Significance of correlation will also be tested through Student T- Test Hence, there is significant correlation between Sales and Gross Value Added, it means when sales increase or decrease as well as gross value added also will be increased or decreased, there are the evident proof of company that growing fast, The main reason is behind that company increase their consultancy service, product of software and launch new product in global market.
Sales (X) and Gross value added (Y) of TCS Ltd. it is \( r_1(x, y) = 0.97 \) that shows higher degree correlation between Sales and Net Value Added. Significance of correlation will also be tested through Student T-Test. Hence, there is significant correlation between Sales and Net Value Added, it means when sales increase or decrease as well as gross value added also will be increased or decreased.

RELIANCE INDUSTRIES LTD.

Sales (X) and Gross value added (Y) of Reliance Industries Ltd. it is \( r_1(x, y) = 0.90 \) that shows higher degree correlation between sales and Gross Value Added. Significance of correlation will also be tested through Student T-Test. Hence, there is significant correlation between Sales and Gross Value Added, it means when sales increase or decrease as well as gross value added also will be increased or decreased, it shows that company increased their production capacity and lunch a new product in market.

Sales (X) and Gross value added (Y) of Reliance Industries Ltd. it is \( r_1(x, y) = 0.86 \) that shows higher degree correlation between Sales and Net Value Added. Significance of correlation will also be tested through Student T-Test. Hence, there is significant correlation between Sales and Net Value Added, it means when sales increase or decrease as well as gross value added also will be increased or decreased, The Highest growth in Net Value Added then later year of study is attributable to the optimum utilisation of capacities, improvement in operating efficiencies and successful marketing of products.

TATA MOTORS LTD.

Sales (X) and Gross value added (Y) of Tata Motors Ltd. it is \( r_1(x, y) = 0.95 \) that shows higher degree correlation between sales and Gross Value Added. Significance of correlation will also be tested through Student T-Test. Hence, there is significant correlation between Sales and Gross Value Added, it means when sales increase or decrease as well as gross value added also will be increased or decreased, it shows that amount of sales turnover continuously increases that company innovative products developments and how products lunch in market.
Sales (X) and Gross value added (Y) of Tata Motors Ltd. it is $r_1(x, y) = 0.96$ that shows higher degree correlation between Sales and Net Value Added. Significance of correlation will also be tested through Student T- Test Hence, there is significant correlation between Sales and Net Value Added, it means when sales increase or decrease as well as gross value added also will be increased or decreased. which was highest figure of Net Value Added for study period higher growth rate in Net Value Added during the later year of study is attributable to the optimum utilization of capacities improvement in operating efficiencies and now innovation and successful marketing products.

**BHARAT HEAVY ELECTRICALS LTD.**

Sales (X) and Gross value added (Y) of Bharat Heavy Electricals Ltd. it is $r_1(x, y) = 0.94$ that shows higher degree correlation between sales and Gross Value Added. Significance of correlation will also be tested through Student T- Test Hence, there is significant correlation between Sales and Gross Value Added, it means when sales increase or decrease as well as gross value added also will be increased or decreased. It shows that Company increases their production Capacity and lunch a new product in Global Market.

Sales (X) and Gross value added (Y) of Bharat Heavy Electricals Ltd. It is $r_1(x, y) = 0.93$ that shows higher degree correlation between Sales and Net Value Added. Significance of correlation will also be tested through Student T- Test Hence, there is significant correlation between Sales and Net Value Added, it means when sales increase or decrease as well as gross value added also will be increased or decreased. The highest greatly in Net values Added then later year of study its attributable to the optimum Utilization of capacities, improvement in operating efficiencies and successful marketing at products.

**INDIAN OIL CORPORATION LTD.**

Sales (X) and Gross value added (Y) of Indian Oil Corporation Ltd.it is $r_1(x, y) = 0.80$ that shows higher degree correlation between sales and Gross Value Added. Significance of correlation will also be tested through Student T- Test Hence, there is significant correlation between Sales and Gross Value Added,
it means when sales increase or decrease as well as gross value added also will be increased or decreased.

- Sales (X) and Gross value added (Y) of Indian Oil Corporation Ltd it is \( r_1(x, y) = 0.79 \) that shows higher degree correlation between Sales and Net Value Added. Significance of correlation will also be tested through Student T- Test Hence, there is significant correlation between Sales and Net Value Added, it means when sales increase or decrease as well as gross value added also will be increased or decreased. It may be noted that the Highest growth in Net Value Added. Then later year of study is attributable to the optimum utilization of capacities, improvement in operating efficiencies now demand of Petrol Chemicals Product days increasing that why growth Rate of Net Value Added increased.

**INFOSYS TECH. LTD.**

- Sales (X) and Gross value added (Y) of Infosys Tech. Ltd. it is \( r_1(x, y) = 0.99 \) that shows higher degree correlation between sales and Gross Value Added. Significance of correlation will also be tested through Student T- Test Hence, there is significant correlation between Sales and Gross Value Added, it means when sales increase or decrease as well as gross value added also will be increased or decreased.
- Sales (X) and Gross value added (Y) of Infosys Tech. Ltd. it is \( r_1(x, y) = 0.99 \) that shows higher degree correlation between Sales and Net Value Added. Significance of correlation will also be tested through Student T- Test Hence, there is significant correlation between Sales and Net Value Added, it means when sales increase or decrease as well as gross value added also will be increased or decreased. It was the highest figure of Net Value Added for the study period higher growth in Net Value Added during the year of study is attributes to optimum utilization of companies, improvement in operation officiates and successful marketing of products.

**STEEL AUTHORITY OF INDIA LTD.**

- Sales (X) and Gross value added (Y) of Steel Authority Of India Ltd. it is \( r_1(x, y) = 0.9997 \) that shows higher degree correlation between sales and Gross
Value Added. Significance of correlation will also be tested through Student T- Test Hence, there is significant correlation between Sales and Gross Value Added, it means when sales increase or decrease as well as gross value added also will be increased or decreased.

Sales (X) and Gross value added (Y) of Steel Authority Of India Ltd. it is $r_1(x, y) = 0.9996$ that shows higher degree correlation between Sales and Net Value Added. Significance of correlation will also be tested through Student T- Test Hence, there is significant correlation between Sales and Net Value Added, it means when sales increase or decrease as well as gross value added also will be increased or decreased.

OIL & NATURAL GAS CORPORATION LTD.

Sales (X) and Gross value added (Y) of Oil & Natural Gas Corporation Ltd. it is $r_1(x, y) = 0.98$ that shows higher degree correlation between sales and Gross Value Added. Significance of correlation will also be tested through Student T- Test Hence, there is significant correlation between Sales and Gross Value Added, it means when sales increase or decrease as well as gross value added also will be increased or decreased. Higher growth in sale Turnover during the later years of Study is attributable to the optimum utilisation of capacities, improvement in operating efficiencies and successful marketing of products.

Sales (X) and Gross value added (Y) of Oil & Natural Gas Corporation Ltd. it is $r_1(x, y) = 0.94$ that shows higher degree correlation between Sales and Net Value Added. Significance of correlation will also be tested through Student T- Test Hence, there is significant correlation between Sales and Net Value Added, it means when sales increase or decrease as well as gross value added also will be increased or decreased. Higher growth in NVA during the later years of study is improvement in operating efficiencies and successful marketing of products.
ANALYSIS OF VALUE ADDED RATIO

Value added information can be used to compute through various ratios. For the value added trends of the company and to help in intercompany comparison in between Private sectors and Public sector units, value added ratios are calculated that findings as under:

- There would be significant different in Gross Margin Ratio in between the companies of selected private sector and public sector corporate units during the study period. This ratio shows the contribution of firm’s sales income toward Value Addition. An effective sales management strategy would enable a company to enhance this percentage. It also called The Net Value Added per Rupee of Sale.

- There would be significant different in the Fixed Assets Turnover Ratio in between the companies of selected private sector and public sector corporate units during the period of the study. This ratio shows the relationship between Net Value Added to fixed Assets. If the Net Value Added is more than Fixed Assets, it is considered good.

- There would be significant different in the Capital Productivity Ratio in between the companies of selected private sector and public sector corporate units during the period of the study. This ratio indicates the amount of Value – Added Generated per rupee of capital employed. Greater the ratio higher will be social contribution. Following formula is being used to find out ratio. It also called Value Added per Rupee of Capital Employed.

- There would be significant different in the Gross Value Added to Total Revenue ratio in between the companies of selected private sector and public sector corporate units during the study period. It is must to say that a higher proportion of Gross Value Added in Total Revenue will be considered good and will show better social performance. It will also show the utility added by the concern in the total efforts of the organization and related parties.

- There would be significant different in the Net Value Added to Total Revenue Ratio in between the companies of selected in private sector and public sector corporate units during the study period. It may be said
that a higher proportion of Net Value Added in Total Revenue will be considered good and will show better social performance. It can be calculated by dividing the Net Value Added by the amount of Total Revenue.

- There would be significant different in the **Employees Benefit to Net Value Added Ratio** in between the companies of selected in private sector and public sector corporate units during the study period. This ratio indicates how much percentage of net value added remained for employees after paying value for other group of society. It useful measuring efficiency and utility of labour power of an enterprise.

- There would be significant different in the **Government Share to Net Value Added Ratio** in between the companies of selected in private sector and public sector corporate units during the study period. Every corporate unit pays some value to government in form of Custom Duty, Excise duty, Income Taxes, Wealth Taxes, Rates and Taxes. This ratio share how much percentage of government share to net value added.

- There would be significant different in the **Payment to shareholders to Net Value Added Ratio** in between the companies of selected in private sector and public sector corporate units during the study period. Every corporate unit has to pay dividend to its shareholders or providers of capital. This ratio shows the earning management policy of the concern.

- There would be significant different in the **Payment to Lenders to Net Value Added Ratio** in between the companies of selected in private sector and public sector corporate units during the study period. This ratio find out that how much percentage of Net Value Added is cost of capital. This ratio represents efficiency or inefficiency of capital management.

- **The Retained Earning to Net Value Added Ratio** in WIPRO, CIPLA, RIL, TCS and TATA Motors, BHEL, IOC, Infosys, SAIL, ONGC. Under study have been analyzed and calculated for the study period which has been represented, there would be significant different in the **Retained Earning to Net Value Added Ratio** in between the companies of selected in private sector and public sector corporate units during the study period.
Findings, Conclusions & Suggestions

- The Retained Earning to Net Value Added Ratio in WIPRO, CIPLA, RIL, TCS and TATA Motors, BHEL, IOC, Infosys, SAIL, ONGC. Under study have been analyzed and calculated for the study period which has been represented, there would be significant different in the Depreciation to Revenue ratio in between the companies of selected in private sector and public sector corporate units during the study period.

6.3 CONCLUSION

Chapter: 4

[Data Analysis-I]

ANALYSIS AND INTERPRETATION OF VALUE ADDED STATEMENT

A study of Generation and Application of Net Value Added in selected corporate units under study has noticed the following conclusions:

WIPRO TECH. LTD.

- One of our concluded that Value Added generation and application are ever during the study will be proved, because as per during the study period generation of Value Added marked that Net Value Added 240.80% in the year of 2009-10, due to charges in the various segment of revenue and control on cost of bought in materials. The main reason is behind on it company increase their software and hardware launch new products.
- Revenue from the sales marked continuously increased throughout the study period. It increases ₹10667 crore to ₹27382 crore and registered 240.80% growth during the study period.
- Cost of brought in material and services significantly controlled by the management especially in last five years that positively affects value addition of the company.
- Payment to Employee to Net Value Added registered continuously increasing trend throughout the period of study. It increases ₹4385
crore to ₹10725 crore and 64.07% to 68.75% during the period of study.

- Payment to the Government has been increased significantly during the study period that shows social contribution by the company in way of excise duty, custom duty and other taxes. It increases ₹457 crore to ₹1122 crore.

- Interest liability will be decrease during the years 2005-06 to 2008-09 after it increased later year.

- In case of shareholders to Net Value Added ranged between 3.76% in 2008-09 to 10.42% in 2005-06.

- Re-invest in business is the highest 21.90% in 2005-06 in form of Retained Earnings. It is an appropriate amount for investment and development point of view.

CIPLA LTD.

- One of our concluded that Value Added generation and application are ever during the study will be proved, because as per during the study period generation of Value Added marked that Net Value Added 158.89% in the year of 2009-10, due to charges in the various segment of revenue and control on cost of bought in materials. The main reason is behind on it company increase their production and launch new product.

- Revenue from sales shows better performance. It increases ₹2898 crore to ₹5729 crore and registered 158.89% growth during the study period.

- Cost of bought in material and services significantly controlled by the management especially in last five years that positively affects value addition of the company.

- Payment to the Government has decreased significantly that shows social contribution by the company in way of excise duty, custom duty and other taxes.

- Payment to Employees marked continuously increasing trend throughout the period of study. The percentage of payment to
employees to NVA also increases 15.16% to 21.50% in year 2005-06 to 2009-10 remaining years.

- Interest liability will be increased during the years 2005-06 to 2008-09 it increased the highest level in the year 2009-10.
- In case of shareholders payment ranged between 10.18.% in 2005-06 to 16.64% in 2005-06 of Net Value Addition will be distributed by company.
- Re-invest in business is the highest 47.50% in 2009-10 in foam of retained earnings. It is an appropriate amount for investment and development point of view.

**TATA CONSULTANCY SERVICES LTD.**

- One of our concluded that Value Added generation and application are ever during the study will be proved, because as per during the study period generation of Value Added marked that Net Value Added 230.16% in the year of 2009-10, due to charges in the various segment of revenue and control on cost of bought in materials. The main reason is behind on it company which was the highest figure of Net Value Added for the study period higher growth in Net Value Added during the year of study is attributable to the optimum utilization of companies, improvement in operation efficiencies and successful marketing of products.
- Revenue from the sales shows better growth. It increases ₹30029 crore in 2009-10 and registered 230.16% growth during the study period.
- Cost of brought in material and services significantly controlled by the management especially in first three years that positively affects value addition of the company. It ranges between 29.31% in 2006-07 to 38.78% in 2007-08.
- Payment to the employee toward Net Value Added registered continuously increasing trend throughout the period of study. It ranged ₹4720 crore in 2005-06 to ₹10880 crore in 2009-10. However percentage of ratio ranged between 56.65% in 2009-10 to 61.89% in 2006-07.
Findings, Conclusions & Suggestions

- Payment to the Government has been increased significantly that shows social contribution by the company in way of excise duty, service taxes, custom duty and other taxes. It range between ₹603 crore in 2005-06 to ₹1860 crore in 2009-10.
- Payment to Lender in form of Interest liability has been decrease first three years regularly that shows bound liquidity position of company. It ranged between 0.47% in 2005-06 to 0.56% in 2009-10.
- Payment of Shareholders in form of dividend 11.05% average in return of net value addition will be distributed by the company that shows that company follows a conservative dividend policy during the study period.
- Re-invest in business range 12.65% in 2009-10 to 27.83% in 2005-06. It is 22.11% average of the form of retained earnings.

RELIANCE INDUSTRIES LTD.

- One of our concluded that Value Added generation and application are ever during the study will be proved, because as per during the study period generation of Value Added marked that Net Value Added 185.96% in the year of 2009-10, due to charges in the various segment of revenue and control on cost of bought in materials. The main reason is behind on it company the highest growth in Net Value Added then later year of study is attributable to the optimum utilisation of capacities, improvement in operating efficiencies and successful marketing of products.

- Revenue from sales shows better performance. It continuously increasing ₹90938 crore up to ₹211727 crore in the years 2005-06 2009-10 respectively and registered 185.96% growth during the study period.
- Cost of bought in material and services significantly not controlled by the management especially period of the study. It range 74.90% in 2005-06 to 82.27% in 2009-10.
• Contribution of the Government has decreased significantly that shows Company reduce social contribution by in way of excise duty, custom duty and other taxes.

• Payment to Employees has been increased ₹1469 crore in 2005-06 to ₹3018 crore in 2008-09. It shows that company declared many incentive schemes for the employees.

• Payment to Lenders inform of interest shows decreasing trend during the study period except in the year 2009-10. It ranged been 4.06% in 2007-08 to 9.56% in 2008-09.

• Payment of shareholder in form of dividend only 10.03% of Net Value Addition by company that shows that company follows a conservative dividend policy during the study period and most of the profit will be retained for development activities.

• Re-invest in business is 54.75% in the foam of Retained Earnings. It is an appropriate amount for investment and development point of view.

TATA MOTORS LTD.

• One of our concluded that Value Added generation and application are ever during the study will be proved, because as per during the study period generation of Value Added marked that Net Value Added 233.52% in the year of 2009-10, due to charges in the various segment of revenue and control on cost of bought in materials. The main reason is behind it company increase their production and launch new product and which was highest figure of Net Value Added for study period higher growth rate in Net Value Added during the later year of study is attributable

• Revenue from sales shows better performance. It increases ₹26455 crore in 2005-06 to ₹99971 crore in 2009-10 and registered 233.52% growth during the study period.

• Cost of Bought in Material and Services significantly net controlled by the management especially in first two years and after increasing trend. It ranged between 67.78% in 2005-06 to 81.91% in 2008-09.
- Contribution of the Government continuously increasing trend during the period of study except in the year 2008-09. It has been increases significantly that shows good social contribution by the company.
- Payment to Employees continuously increasing trend during the period of the study. It increases ₹1777 crore to ₹8752 crore in 2005-06 and 2009-10 respectively.
- Payment to Lender in form of interest continuously increasing trend in remaining years during the study period. So that interest liability will be increased regularly that shows not bound liquidity position of company and not collective management of long-term debt during the study period.
- In case of Payment to shareholder only 6.29% of net value addition will be distributed by company that shows that company follows a conservative divided policy during the study period.
- Re-invested in business increasing trend during the year 2005-06 to 2009-10 suddenly it comes down in the year 2008-09. In the year 2008-09 it used to reserve and surplus because it has established many branches and used to fund in development.

BHARAT HEAVY ELECTRICALS LTD.

- One of our concluded that Value Added generation and application are ever during the study will be proved, because as per during the study period generation of Value Added marked that Net Value Added 237.19% in the year of 2007-08, due to charges in the various segment of revenue and control on cost of bought in materials. The main reason is behind on it company increase the highest greatly in Net values Added then later year of study its attributable to the optimum Utilization of capacities, improvement in operating efficiencies and successful marketing at products.
- Revenue from the sales marked continuously increased throughout the study period. It increases ₹16037 crore to ₹36036 crore and registered 237.19% growth during the study period.
Findings, Conclusions & Suggestions

- Cost of brought in material and services significantly controlled by the management especially in last five years that positively affects value addition of the company.

- Payment to Employee to Net Value Added registered continuously increasing trend throughout the period of study. It increases ₹1879 crore to ₹6449 crore and 24.28% to 42.43% during the period of study.

- Payment to the Government has been increased significantly during the study period that shows social contribution by the company in ay of excise duty, custom duty and other taxes. It increases ₹931 crore to ₹2518 crore.

- Interest liability will be decrease during the years 2005-06 to 2008-09 after it increased later year.

- In case of shareholders to Net Value Added ranged between 5.54% in 2005-06 to 7.81% in 2008-09.

- Re-invest in business is the highest 52.83% in 2006-07 in form of Retained Earnings. It is an appropriate amount for investment and development point of view.

INDIAN OIL CORPORATION LTD.

- One of our concluded that Value Added generation and application are ever during the study will be proved, because as per during the study period generation of Value Added marked that Net Value Added 134.64% in the year of 2007-08, due to charges in the various segment of revenue and is not control on cost of bought in materials. It may be concluded that the Highest growth in Net Value Added. Then later year of study is attributable to the optimum utilization of capacities, improvement in operating efficiencies now demand of Petrol Chemicals Product days increasing that why growth Rate of Net Value Added increased.

- Revenue from sales shows better performance. It increases ₹208641 crore to ₹343241 crore and registered 134.64% growth during the study period.
• Cost of bought in material and services significantly controlled by the management especially in last five years that positively affects value addition of the company.

• Payment to the Government has decreased significantly that shows social contribution by the company in way of excise duty, custom duty and other taxes.

• Payment to Employees marked continuously increasing trend throughout the period of study. The percentage of payment to employees to NVA also increases 4.16% to 8.98% in 2005-06 to 2009-10 remaining years.

• Interest liability will be increased during the years 2005-06 to 2008-09 it decreased the lowest level in the year 2009-10.

• In case of shareholders payment ranged between 0.96% in 2007-06 to 16.64% in 2005-06 of Net Value Addition will be distributed by company.

• Re-invest in business is the highest 47.50% in 2009-10 in foam of retained earnings. It is an appropriate amount for investment and development point of view.

INFOSYS TECH. LTD.

• One of our concluded that Value Added generation and application are ever during the study will be proved, because as per during the study period generation of Value Added marked that Net Value Added 261.49% in the year of 2007-08, due to charges in the various segment of revenue and control on cost of bought in materials. The main reason is behind on it company increase their production and launch new product. Especially amount of Depreciation will increased significantly due to expansion and development activities it shows significant contribution by the company towards society

• Revenue from the sales shows better growth. It increases ₹22742 crore and registered 261.49% growth during the study period.
• Cost of brought in material and services significantly controlled by the management especially in first four years that positively affects value addition of the company. It ranges between 12.51% in 2009-10 to 16.84% in 2005-06.

• Payment to the employee toward Net Value Added registered continuously increasing trend throughout the period of study. It ranged ₹4802 crore in 2005-06 to ₹12091 crore in 2009-10. However percentage of ratio ranged between 60.88% in 2009-10 to 62.28% in 2008-09.

• Payment to the Government has been increased significantly that shows social contribution by the company in way of excise duty, service taxes, custom duty and other taxes. It range between ₹415 crore in 2005-06 to ₹1921 crore in 2009-10.

• Payment to Lender in form of Interest liability has been increase first two years regularly that shows bound liquidity position of company. It ranged between 0.01% in 2009-10 to 0.19% in 2005-06.

• Payment of Shareholders in form of dividend 9.99% average in return of net value addition will be distributed by the company that shows that company follows a conservative dividend policy during the study period.

• Re-invest in business range 14.85% in 2005-06 to 31.71% in 2007-08. It is 21.79% average of the form of retained earnings.

STEEL AUTHORITY OF INDIA LTD.

• One of our concluded that Value Added generation and application are ever during the study will be proved, because as per during the study period generation of Value Added marked that Net Value Added 186.27% in the year of 2007-08, due to charges in the various segment of revenue and control on cost of bought in materials. The main reason is behind on it company increase their production and launch new product.

• Revenue from sales shows better performance. It continuously increasing ₹37410 crore up to ₹55066 crore in the years 2005-06 and 2008-09 respectively and registered 186.28% growth during the study period.
Cost of bought in material and services significantly under controlled by the management especially period of the study. It range 52.29% in 2006-07 to 38.18% in 2007-08.

Contribution of the Government has decreased significantly that shows Company reduce social contribution by in way of excise duty, custom duty and other taxes.

Payment to Employees has been increased ₹4204 crore in 2005-06 to ₹8502 crore in 2008-09. It shows that company declared many incentive schemes for the employees.

Payment to Lenders inform of interest shows decreasing trend during the study period except in the year 2009-10. It ranged been 0.94% in 2008-09 to 2.79% in 2005-06.

Payment of shareholder in form of dividend only 7.69% of Net Value Addition by company that shows that company follows a conservative dividend policy during the study period and most of the profit will be retained for development activities.

Re-invest in business is 40.22% in the form of Retained Earnings. It is an appropriate amount for investment and development point of view.

OIL & NATURAL GAS CORPORATION LTD.

One of our concluded that Value Added generation and application are ever during the study will be proved, because as per during the study period generation of Value Added marked that Net Value Added 127.87% in the year of 2008-09, due to charges in the various segment of revenue and control on cost of bought in materials. The main reason is behind on it company increase their production and launch new product. Higher growth in NVA during the later years of study is improvement in operating offices and successful marketing of products.

Revenue from sales shows better performance. It increases ₹78044 crore in 2005-06 to 114191 crore in 2008-09 and registered 127.87% growth during the study period.
• Cost of Bought in Material and Services significantly controlled by the management especially in first three years and after increasing trend. It ranged between **47.19%** in 2006-07 to **51.12%** in 2008-09.

• Contribution of the Government continuously increasing trend during the period of study except in the year 2009-10. It has been increases significantly that shows good social contribution by the company.

• Payment to Employees continuously increasing trend during the period of the study. It increases ₹ **1367 crore** to ₹ **2380 crore** in 2005-06 and 2006-07 respectively.

• Payment to Lender inform of interest continuously increasing trend in remaining years during the study period. So that interest liability will be increased regularly that shows not bound liquidity position of company and not collective management of long-term debt during the study period.

• In case of Payment to shareholder only **19.44%** (Highest figure) of net value addition will be distributed by company that shows that company follows a conservative divided policy during the study period.

• Re-invested in business increasing trend during the year 2005-06 to 2008-09 suddenly it comes down in the year 2009-10. In the year 2008-09 it used to reserve and surplus because it has established many plants and used to fund in development.

**Chapter: 5**

[Data Analysis-II]

**ANALYSIS OF VALUE ADDED RATIO**

Value added information can be used to compute through various ratios. For the value added trends of the company and to help in intercompany comparison in between Private sectors and Public sector units, value added ratios are calculated that and conclusions as under:

• The five years average of the Gross Margin Ratio showed fluctuating trend in selected corporate units. It would be comparison between private sector
units and public sector units amongst private sector unit as Infosys Ltd. was the highest level at 83.72% average during the study period.

- The five years average of the **Fixed Assets Turnover Ratio** different figure between among of selected private sector and public sector corporate units. It ranged in Private Sector unit as 4.14 Crore in Infosys Ltd. and Public Sector as 3.02 Crore average during the study period.

- It may be concluded that the **Capital Productivity Ratio** in selected private sector and public sector corporate units was five years average of this ratio the highest average of in private sector as TATA Consultancy Services Ltd and in Public Sector as Bharat Heavy Electricals Ltd. Both companies same figure at 1.14 crore in above findings Very well that higher social contribution toward society.

- The five years average of the **Gross Value Added to Total Revenue Ratio** in selected private sector and public sector corporate units during the study period recorded different figure between among selected corporation units. It reached the highest level in private sector units at 85.65% in Infosys Tech. Ltd.

- The five years average of the Net Value Added to Total Revenue Ratio noted fluctuating figure in selected in private sector and public sector corporate units among selected corporate units. It showed the highest level at 81.28% in Private Sector unit as Wipro Tech. Ltd.

- The five years Average of Employees Benefit to Net Value Added Ratio in between the companies of selected in private sector and public sector corporate units marked fluctuating figure of among selected corporate units. It was the highest level at 65.30% in Private Sector unit as Wipro Tech. Ltd.

- The five years average of **Government Share to Net Value Added Ratio** in between the companies of selected in private sector and public sector corporate units recorded fluctuating figure of among selected corporate units. It ranged between private sector units the lowest figure at 6.23% in Wipro Tech. Ltd. and in Public sector unit the highest figure at 44.79% in Indian Oil Corporation Ltd.
The five years average of Payment to Shareholders to net value added ratio in between the companies of selected in private sector and public sector corporate units showed fluctuating figure of among selected corporate units. It ranged between in public sector unit the lowest figure 2.62% in Indian Oil Corporation Ltd. to the highest figure 17.35% in Oil & Natural Gas Corporation Ltd.

The five years average of the Payment to Lenders to Net Value Added Ratio in between the companies of selected in private sector and public sector corporate units registered fluctuating figure of among selected corporate units. It was the lowest figure in private sector at 0.08% in Infosys Tech. Ltd. and the highest figure of 5.88% in Reliance Industries Ltd.

The five years average of the Retained Earning to Net Value Added Ratio in between the companies of selected in private sector and public sector corporate units recorded fluctuating trend of among selected units. It was the highest figure at 46.50% in Bharat Heavy Electricals Ltd in public sector unit. And the lowest figure at 9.53% in TATA Motors Ltd in private sector unit.

On the basis of the above analysis it may be concluded that average of the Depreciation to Total Revenue ratio in selected private sector and public sector corporate units showed that highest level at 13.69(Average) percent in Oil & Natural Gas Corp. Ltd. in public sector unit. It showed higher proportion to depreciation in business.
6.4 **SUGGESTIONS:**

The mandatory suggestions to Wipro Tech. Ltd., Cipla Ltd., TCS Ltd., Reliance Industries Ltd., and Tata Motors Ltd. Bharat heavy Electricals Ltd., Indian Oil Corporation Ltd., Infosys Tech. Ltd., Steel Authority of India Ltd., and Oil & Natural Gas Corporation Ltd. Are given below:

- The companies should try to reduce their Cost of Bought in materials to maximum their Net Value Added Both Private Sector and Public Sector.
- The companies should also reduce cost of services like administration, marketing and other expenses to meet the highest Net Value Added.
- The Excise duty & other taxes on industries which have been continuously on the rise during the study period should be lowered down by the central government so that cost of production and selling price of industries products can be reduced and thus sales of industries products & services can be further promoted.
- The companies should reduce individual expenses by reducing these expenses companies can transfer more amounts to Retained In Business.
- The companies should try to reduce borrowed fund & long-term debt because interest liability also reduce point of view especially to Reliance Industries Ltd and TATA Motors Ltd.
- The companies should try to increase rate of dividend because dividend is part of Earning and create good image in marked especially to Indian Oil Corporation Ltd. in public sector unit.
- The companies should try to increase more Benefit to Employees to motive through incentive schemes or bonus schemes especially Reliance Industries Ltd in Private Sectors and in Government enterprise Oil & Natural Gas Corporation should try to keep Employees welfare among compare to among selected units.
- The companies should try to increase their exports-imports. This can be done with the support of government which should allow export incentives to the companies.