



Value Addition Capacity: A Comparative Analysis of Selected Indian textile Manufacturers

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Abstract

This study looks at how value is added to understand how well companies manage their finances and operations. It focuses on two main measures: Gross Value Added (GVA) and Net Value Added (NVA), which show how much wealth a company creates. GVA is calculated by subtracting the cost of materials and services used from the total output. NVA is similar but also takes into account the wear and tear on equipment, known as depreciation. The study compares two companies in the textile and manufacturing industry, Mayur Ltd and Siyaram Ltd, to see how effectively they create value, manage costs, make profits, and share wealth with different stakeholders. The results show that Mayur Ltd has steady and reliable growth in both GVA and NVA, which suggests it is financially strong and can keep performing well over time. On the other hand, Siyaram Ltd has higher peaks in GVA and NVA, but these numbers go up and down a lot because they are affected by changes in pre-tax profits. While Siyaram Ltd generates more value at certain times, Mayur Ltd is more stable and likely to perform well in the long term.

Keywords : *Gross value added (GVA), Net Value Added (NVA), MAYUR Ltd and Siyaram Ltd*

Introduction

The concept of value addition plays a crucial role in evaluating the financial and operational efficiency of firms. Gross Value Added (GVA) and Net Value Added (NVA) are significant indicators used to measure the wealth created by an organization. GVA represents the difference between output and intermediate consumption, reflecting the firm's contribution to economic productivity, while NVA is derived after deducting depreciation from GVA, indicating the net value generated. In the context of textile and manufacturing companies like Mayur Ltd and Siyaram Ltd, the analysis of GVA and NVA provides insights into their value creation efficiency, cost management, and profitability. This study aims to conduct a comparative analysis of these two companies to assess their performance in terms of value addition,



distribution of wealth among stakeholders, and overall financial health. Such an analysis is useful for investors, management, and policymakers in understanding how effectively companies convert inputs into economic value.

Review of Literature

Chirodiya & Parmar (2022)

In their research about value-added performance and profitability, the authors looked at how Gross Value Added (GVA) and Net Value Added (NVA) affect a company's financial results. They found that there is a strong link between these value-added measures and profitability factors like net profit and return on capital employed. Companies that regularly produced higher GVA were shown to use their resources more effectively and create more value for shareholders. The study also pointed out that analyzing value added offers a more comprehensive view than usual profit measures, as it takes into account the contributions of all involved parties, such as employees, the government, and investors..

O'Farrell (2019)

O'Farrell highlighted the importance of GVA as a macro and micro-level performance indicator. The study explained that GVA measures how much a company contributes to the economy by looking at the difference between what it produces and what it uses in its operations. It is commonly used in national income accounting and for analyzing how productive a company is. The author also noted that GVA helps prevent counting the same inputs more than once, making it a more accurate way to show real value created. This idea is especially important in manufacturing industries, where there are many steps in the production process.

Quantopia (2026)

This study highlighted the benefits of using Gross Value Added (GVA) instead of revenue-based measures. It explained that revenue alone doesn't show how efficient a company really is because it includes the cost of goods and services bought from others. GVA, however, shows only the value created by the company itself through its production process. The study also explained that GVA is useful for comparing companies across different industries and over time, which makes it a strong tool for financial analysis. It also noted that investors and analysts are now more likely to use GVA to evaluate how well a company operates and how sustainable its performance is.

Finance Dictionary (2024)

The study also gave a clear definition of Net Value Added (NVA), explaining it as the value left after subtracting depreciation from GVA. It stressed that NVA shows the actual wealth a company creates in a given period and is a better measure of how well the company is performing in the long run. The research also noted that NVA plays a crucial role in understanding how value is distributed among stakeholders, such as



wages to employees, taxes to the government, dividends to shareholders, and retained earnings for future growth.

Macedo et al. (2025)

This research focused on the distinction between value-added and non-value-added activities within organizations. The authors argued that identifying and minimizing non-value-added activities can significantly enhance operational efficiency and profitability. The study linked value-added concepts with lean management practices, suggesting that firms that focus on maximizing value-added activities tend to perform better in competitive markets. This perspective is particularly useful in analyzing manufacturing companies, where process optimization directly impacts value creation.

Research Methodology

Objectives of the Study

- To analyze the Gross Value Added (GVA) of Mayur Ltd and Siyaram Ltd over the selected study period.
- To examine the Net Value Added (NVA) of Mayur Ltd and Siyaram Ltd and assess their value creation efficiency.

Sample & Sample selection

Both of the samples are taken from the Indian Textile Industry on the basis of random sample method.

- 1. Mayur Ltd
- 2. Siyaram Ltd

Period of the study

Period of the study is 5 years starting from 2021 to 2026.

Hypotheses

- H_0 : There is no significant difference in the Gross Value Added (GVA) of Mayur Ltd and Siyaram Ltd.
- H_0 : There is no significant difference in the Net Value Added (NVA) of Mayur Ltd and Siyaram Ltd.

Tool for Analysis

ANOVA, which stands for Analysis of Variance, is a statistical method used to check if there is a meaningful difference between the averages of two or more groups. It helps to figure out if the differences seen are because of real changes or just due to random factors. ANOVA looks at the differences between the group averages and the differences within each group using something called an F-test. If the F-value calculated is higher than the critical value, it means the null hypothesis can be rejected, showing that there is a significant difference



between the groups. This technique is commonly used in research to compare things like profitability, GVA, and NVA across different companies or over various time periods.

Data Analysis

Mayur Ltd

Year	PBT	(+) Cost of Employees	(+) Depreciation	(+) Interest	GVA	(-) Interest	NVA
2021	119.50	35.17	18.44	3.52	176.63	3.52	173.11
2022	123.29	40.63	20.46	2.40	186.78	2.40	184.38
2023	131.70	40.80	22.26	2.49	197.25	2.49	194.76
2024	158.82	45.27	29.26	2.61	235.96	2.61	233.35
2025	201.28	46.41	28.70	1.82	278.21	1.82	276.39

Analysis

The data shows a steady and significant increase in Gross Value Added (GVA) from ₹176.63 crore in 2021 to ₹278.21 crore in 2025. This shows the company has been consistently growing its ability to create value by improving profits, increasing employee contributions, and expanding its operations. The steady rise in employee costs and depreciation also shows that the business is growing, investing in long-term assets, and hiring more workers. There is also a small decrease in interest expenses over the period, which suggests better financial management and less dependence on loans, helping to improve overall value creation.

Net Value Added (NVA), after accounting for interest, also shows a steady improvement from ₹173.11 crore in 2021 to ₹276.39 crore in 2025, showing that the company is retaining more economic value within itself.

The smaller difference between GVA and NVA over time indicates better financial efficiency and more effective use of borrowed money. The biggest growth happens between 2024 and 2025, showing better operational performance and stronger profits. Overall, the trend shows that the company is not just creating more value each year, but is also keeping and making the most of that value, which shows strong and lasting financial health.



Siyaram Ltd

Year	PBT	(+) Cost of Employees	(+) Depreciation	(+) Interest	GVA	(-) Interest	NVA
2021	3.47	123.53	61.17	29.26	217.43	29.26	188.17
2022	290.54	160.26	58.92	18.07	527.79	18.07	509.72
2023	330.75	179.82	58.19	19.74	588.50	19.74	568.76
2024	247.15	172.90	55.40	20.29	495.74	20.29	475.45
2025	267.33	183.44	60.25	23.77	534.79	23.77	511.02

Analysis

The data shows that Gross Value Added (GVA) had a lot of ups and downs but was generally strong from 2021 to 2025. GVA went up a lot, starting at ₹217.43 crore in 2021 and reaching a high of ₹588.50 crore in 2023. This means the company was creating a lot more value during this time. The main reason for this growth was a big increase in profit before tax and steady growth in employee costs, which shows the business was expanding and working more actively. However, in 2024, GVA dropped to ₹495.74 crore, which suggests there were some short-term challenges with operations or costs before it bounced back in 2025.

Net Value Added (NVA), which takes into account interest expenses, followed a similar pattern. It rose quickly from ₹188.17 crore in 2021 to ₹568.76 crore in 2023, then fell in 2024 and recovered in 2025. This means the company is making a lot of value, but its ability to keep growing consistently is affected by changes in profits and how costs are structured. Higher interest expenses in some years also played a role in how much value was retained. Overall, the company has strong potential to create value, but the ups and downs in GVA and NVA suggest that better management of operations and finances is needed to ensure long-term success.

Application of Test

GVA

Source	SS	df	MS	F
Between Groups	170600.06	1	170600.02	17.85
Within Groups	76205.96	8	9525.70	
Total	246805.61	9		

ANOVA Test Analysis for GVA (Gross Value Added)

The results from the ANOVA test on Gross Value Added (GVA) show there is a significant difference between the two groups being studied. The overall variation in GVA is 246,805.61, with 170,600.06 of that variation



happening between the groups and 76,205.96 within the groups. The degrees of freedom are 1 for the difference between groups and 8 for the variation within groups. The Mean Square values are 170,600.02 for between groups and 9,525.70 for within groups. The F-value calculated is 17.85, which is quite high and shows that the difference between groups is much larger than the differences within the groups. At the 5% significance level, this F-value is higher than the critical value of about 5.32, so the null hypothesis is rejected. This means there is a significant difference in the GVA performance of the two companies. This suggests that the companies have very different abilities to create value, which may be due to differences in how efficiently they operate and how productive they are.

NVA

Source	SS	df	MS	F
Between Groups	172248.21	1	172248.21	18.42
Within Groups	74861.64	8	9357.71	
Total	247109.85	9		

ANOVA Test Analysis for NVA (Net Value Added)

The ANOVA results for Net Value Added (NVA) show there is a significant difference between the groups. The total sum of squares is 247,109.85, with 172,248.21 coming from differences between the groups and 74,861.64 from differences within the groups. The degrees of freedom are 1 for between groups and 8 for within groups. The mean square values are 172,248.21 and 9,357.71 respectively. The calculated F-value is 18.42, which shows that the variation between the groups is much larger than the variation within the groups. Since this F-value is higher than the critical F-value at the 5% significance level (around 5.32 for $df = 1, 8$), we reject the null hypothesis. This means there is a significant difference in the Net Value Added produced by the two companies. The higher F-value compared to the GVA analysis adds more support to the idea that there is a difference in the net value created by the companies. This suggests that after considering depreciation, the companies generate different amounts of wealth, showing differences in their overall financial and operational performance.

Findings

1. Mayur Ltd shows steady growth in GVA and NVA compared to the previous year, while the other company shows higher but uneven performance.
2. Siyaram Ltd has much higher peaks in both GVA and NVA than Mayur Ltd.
3. Mayur Ltd demonstrates better financial stability and more consistent value creation.
4. Siyaram Ltd is more affected by changes in profit before tax, causing more fluctuations.



5. Overall, Mayur Ltd is more sustainable, while the other company has higher but less consistent value generation.

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