INTERNATIONAL JOURNAL OF RESEARCH IN COMPUTER APPLICATION & MANAGEMENT

IJRCM

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INTRODUCTION

REVIEW OF LITERATURE

NEED/IMPORTANCE OF THE STUDY

STATEMENT OF THE PROBLEM

OBJECTIVES

HYPOTHESES

RESEARCH METHODOLOGY

RESULTS & DISCUSSION

FINDINGS

RECOMMENDATIONS/SUGGESTIONS

CONCLUSIONS

SCOPE FOR FURTHER RESEARCH

ACKNOWLEDGMENTS

REFERENCES

APPENDIX/ANNEXURE

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- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

MVA AND EVA IN TOP TEN SOFTWARE COMPANIES IN INDIA: ANOVA

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ABSTRACT

Today India is home to some of the finest software companies in the world. The software companies in India are reputed across the globe for their efficient IT and business related solutions. With the huge success of the software companies in India, the Indian software industry in turn has become successful in making in the global arena. This industry has been instrumental in driving the economy of the nation on to a rapid growth curve. As per the study of NASSCOM the IT/TES industry recorded a growth of 4 – 7 percent in the year 2010. The IT/ITes sector has lead to employment opportunities, both direct and indirect, of nearly 2.8 million and around 8.9 million (direct and indirect) by 2015 and to around 30 million by 2030. The software industry has a strong future regardless of whether its products or as a service, or as a component or in packaged form. The software industry is going through a rapid and significant transition. India's domination in the IT and software sector and its growing reputation as one of the world's best outsourcing destinations have created good basis for future prospects. The key to creating wealth is adding value. Adding value is the way that all fortunes are made. In many studies relating to EVA and MVA, the twin wealth creation measures were established. Even though in the present study, most of the companies have observed negative and low positive EVA, their MVA performance is good. This implies that the wealth creation has the direct influence on market forces.

KEYWORDS
MVA, EVA, software companies.

1.1 INTRODUCTION

Today India is home to some of the finest software companies in the world. The software companies in India are reputed across the globe for their efficient IT and business related solutions. With the huge success of the software companies in India, the Indian software industry in turn has become successful in making in the global arena. This industry has been instrumental in driving the economy of the nation on to a rapid growth curve. As per the study of NASSCOM the IT/TES industry recorded a growth of 4 – 7 percent in the year 2010.

The IT/ITes sector has lead to employment opportunities, both direct and indirect, of nearly 2.8 million and around 8.9 million (direct and indirect) by 2015 and to around 30 million by 2030. The market size of the industry is expected to rise to USD 225 billion by 2020 considering India's competitive position, growing demand for exports, Government policy support and increasing global footprint. IT/ITes industry has led India's economic growth and this sector's contribution to the national GDP has risen from 1.2 per cent in 1997 – 98 to 7.5 per cent in 2011 – 12.

1.2 STATEMENT OF THE PROBLEM

The Indian IT sector has proved to be the country's fastest growing segment, even in troubled times. The software and services industry, a major component of India's IT sector, showed significant momentum, higher than that of other industries in the country. India continued to be a compelling investment destination, as leading companies either set up shop here or enhanced their existing infrastructure. The IT services sector has witnessed tremendous growth in the last decade fuelled by an increasing number of business expansion, acquisitions and green field projects funded both with domestic and foreign private investment. Some of the services typically rendered by the IT companies include Application Development (AD), Application management (AM), consulting and testing services performed either off shore (in India) or onsite (at the client location outside India). India has become one of the most favored destinations for outsourcing and IT Enabled Services (ITES).

- How were the movements of MVA & EVA of the selected companies?
- What are the factors influencing EVA & MVA?

1.3 OBJECTIVES OF THE STUDY

To gain an insight into the problem highlighted earlier, the following objectives have been framed for the study.

- To study the significance of income and cost variables in EVA, MVA & Value Addition.
- To find out the influence of select financial variables on EVA and MVA.
- To recapitulate the key findings and suggestions.

1.4 METHODOLOGY

The methodology followed to carry out the study has been presented below:

1.4.1 SELECTION OF COMPANIES

The companies selected for the present study are;

1. Tata Consultancy Services
2. Wipro
3. Infosys tech Ltd
4. Satyam Computer Services
5. Hindustan Computers Limited
6. Tech Mahindra
7. International Business Machines
8. Patni Computer Services
9. Mphasis
10. Larsen & Turbro infotech Ltd

1.4.2 STUDY PERIOD

The study pertains to a period of ten financial years from 2002 - 2003 to 2011 - 2012.

1.4.3 SOURCES OF DATA

The study is based on secondary data. Data were obtained from capital line database available in KSR Institute of Technology, Tiruchengodu. Company profiles and additional literature were collected from magazines, newspaper and various websites.

1.4.4 SELECTION OF VARIABLES

In the present study, a number of key financial variables have been identified for the purpose of analysis and they are: EVA, MVA, Accounting profit and Value Addition. Computation of these variables has been made for a period of ten years.

1.5 LIMITATIONS OF THE STUDY

- The study covers a decade from 2002 – 2003 to 2011 – 2012. It does not consider the changes that have been taken place before and after the study period.
- The study is based on financial accounting data; it is subject to the inherent limitations of accounting and accounting practices.
- The present study is confined to top ten software companies only. All other companies are not taken into account.
- Risk free rate of return can be taken either as Interest rate of Government Bonds or Average cost of time deposits of Scheduled Commercial Banks in India. In this study, average cost of time deposits of scheduled Commercial Banks in India is taken as risk free rate of return and it has been collected from "Bank of Baroda", Thindal Branch, Thindal, Erode, Tamilnadu.

2. RESEARCH METHODOLOGY

2.1 ZENG AND PING ANALYSIS ON EVA OF TOURIST INDUSTRY

Zeng and Ping (2010) performed a study on EVA of Tourist Industry. In this study, to overcome the limitations of the traditional indicators of business performance, shareholders performance evaluation method of EVA is used. In this paper, empirical, calculating the study in 2009 listed companies in China's tourist EVA, and comprising with the traditional accounting performance evaluation, through the empirical analysis of EVA used on operating performance of China's tourist listed companies, it is concluded that it convince more force than the net profit and net operating cash flow.

2.2 BHANAWAT, SHURVEER'S STUDY OF SHAREHOLDERS' WEALTH CREATORS AND DESTROYERS IN DIFFERENT SECTORS OF INDIAN MANUFACTURING INDUSTRY

Bhanawat, Shurveer's (2011) study made an attempts to measure the shareholders' wealth in terms of Economic Value Added (EVA) for different sectors of Indian manufacturing industry. The top five wealth creator and wealth destroyer sample units have been identified on the basis of five-year average amount of EVA generated by them during 2003-04 to 2007-08. The mean EVA generated by the Indian manufacturing industry during the study period is 929.14 cr. The cement industry showed very high fluctuations in EVA generation during the study period, while the FMCG industry reported consistency in the amount of EVA generation over the five-year span. ANOVA results show that there is no significant difference in the mean values of EVA of different sectors of Indian manufacturing sector. Hence, it can be concluded that the mean value of EVA of the selected sample units represent the mean value of the Indian manufacturing industry.

3. MVA & EVA ANALYSIS OF SELECTED COMPANIES

TABLE 3.1: MVA OF TOP 10 SOFTWARE COMPANIES (RS.IN CRORES)3.1 MARKET VALUE ADDED (MVA)

Year / company name	TCS	Infosys	Wipro	IBM	Tech Mahindra	Patni computer services	L&T info tech Ltd	Satyam computer services	Mphasis	HCL
2003	54,839.94	29,903.54	25,236.68	5,528.99	15,379.32	2,278.67	63.08	3,430.95	158.06	162.79
2004	58,517.42	29,654.92	28,132.53	9,234.91	6,313.46	1,837.27	128.90	6,701.04	1,570.86	639.87
2005	65,467.40	55,705.37	42,322.97	9,720.94	6,996.60	3,301	142.28	9,824.52	1,179.18	1,739.83
2006	88,051.03	75,241.81	73,207.50	21,942.92	8,967.92	4,274.67	166.13	23,216.83	2,821.15	1,065.28
2007	112,427.5	101,110.60	72,029.34	23,201.66	16,410.68	3,155.40	1,693.68	25,471.29	3,794.98	2,682.92
2008	68,450.72	68,313.97	50,544.91	15,548.95	7,350.13	538.82	2,706.99	19,096.16	3,193.89	2,890.84
2009	39,498.72	58,039.43	23435.73	-10,761.90	1,346.77	-871.07	1,535.09	3,106.69	2,992.80	3,739.19
2010	137,803.20	128,025	86,080.97	-4125.14	7,573.42	3,717.91	2,053.85	8,594.48	10,982.57	2,749.04
2011	211,961.90	161,337.50	96,074.19	-11,743.60	5,128.70	3,399.69	2,406.98	5,574.72	5,816.71	2,063.82
2012	203,817.40	134,757	83,586.90	-15.318.70	5,731.37	3,322.55	3,087.57	6,123.05	5,086.05	1,973.78

Sources: Secondary Data

Market Value Added (MVA) is the difference between the current market value of a firm and the capital contributed by investors. If the MVA is positive, the firm has added value. If it is negative, the firm has diminished value. The amount of value added needs to be greater than the firm's investors could have achieved investing in the market portfolio, adjusted for the leverage (beta coefficient) of the firm relative to the market.

Market Value Added = Market capitalization + Net worth

Table 3.1 explains the MVA performance of selected software companies during the study period from 2002 – 2003 to 2011 – 12. The MVA values of TCS, Infosys, Wipro, Tech Mahindra, L&T info tech Ltd, Satyam Computer services, Mphasis and HCL companies are found to be positive, because the increase in market capitalization could match the networth in those years.

MVA of IBM shows a highly fluctuating trend with MVA showing negative signs in four out of ten years of the study. Though MVA performance is quite encouraging from 2003 to 2007, it is as low as Rs. 5,528.99 Crores in 2003. MVA of Patni computer services shows a highly fluctuating trend with MVA showing negative signs in one out of ten years of the study. Though MVA performance is quite encouraging from 2004 to 2006, it is as low as Rs. 538.82 Crores in 2008.

ECONOMIC VALUE ADDED (EVA)

EVA stands as a unique tool amongst most others because it includes a change against profit for the cost of the entire capital that a company employs. This helps the management in producing much more wealth for shareholders, customers and their own selves.

Economic Value Added (EVA) = Net Operating Profit After Tax - Cost of Capital Employed

Table 3.2 highlights the EVA values of TCS shows a highly fluctuating trend with EVA showing negative signs in six out of ten years of study. Though EVA performance is quite encouraging in 2011 and it is as low as 5,031.07 in 2005.

The EVA values of Infosys, Wipro, IBM, Patni computer services, L & T info tech Ltd, Mphasis and HCL companies are found to be positive, because the increase in Net operating profit after tax could match the Cost of capital employed in those years.

EVA of Tech Mahindra shows a highly fluctuating trend with EVA showing negative signs in four out of ten years of the study. Though EVA performance is quite encouraging from 2009 to 2011, it is as low as 144.66 in 2004.

EVA of Satyam computer services shows a highly fluctuating trend with EVA showing negative signs in three out of ten years of the study. Though EVA performance is quite encouraging from 2004 to 2008, it is as low as 403.47 in 2005.

TABLE 3.2: EVA OF TOP 10 SOFTWARE COMPANIES (Rs.IN CRORES)

Year / company name	TCS	Infosys	Wipro	IBM	Tech Mahindra	Patni computer services	L&T info tech Ltd	Satyam computer services	Mphasis	HCL
2003	-363.17	397.45	1,322.10	4,408.85	-373.76	113.11	1,782.82	-415.09	5,612.17	1,012.15
2004	1,089.82	857.89	1,514.98	4,518.41	144.66	168.36	1,592.27	514.85	3,442.33	1,115.79
2005	5,031.07	1,352.91	2,070.46	3,492.80	-219.75	273.65	1,352.53	403.47	7,710.68	889.89
2006	-17,448.4	1,741.29	2,393.40	101,166	-88.24	190.13	986.76	680.47	6,190.42	914.54
2007	-22,891.2	3,454.58	2,647.09	2,890.36	-224.28	211.08	945	942.84	6,146.39	970.07
2008	62,935.18	6,190.18	7,374.41	11,613.84	1,137.47	684.68	868.42	2,309.30	11,249.33	1,026.64
2009	-82,616.4	4,887.34	3,287.04	3,034.91	289.48	510.97	376.60	-8,789.76	8,957.71	1,131.08
2010	-8,815.29	5,872.49	5,880.21	7,167.15	783.98	883.49	879.89	-225.64	12,093.28	1,273.99
2011	69,867.02	7,638.95	5,575.94	11,822.14	1,274.78	1,251.25	1,039.07	804.42	11,164.19	1,531.51
2012	-33,842.64	7,969.50	5,208.15	7,010.09	374.04	839.57	551.37	861.72	13,394.27	1,654.30

Sources: Secondary data

4. ANALYSIS OF VARIANCE (ANOVA)

One-Way ANOVA procedure to test the hypothesis that the means of two or more groups are not significantly different.
One-Way ANOVA also offers:

- Group-level statistics for the dependent variable
- A test of variance equality
- A plot of group means
- Range tests, pair - wise multiple comparisons, and contrasts, to describe the nature of the group differences
- The ANOVA test is conducted between the groups (EVA, NOPAT, MVA and Value Addition) which were formed on the basis of positivity of MVA. Value Addition is computed by the following rearrangement of the income statement as in Evraert and Riahi-Belkaou (1998):
- S-B = W + I + DP + T + R
  (or)
- S-B-DP = W + I + D + T + R
- Where
- R = Retained earnings
- S = Sales revenue
- B = Bought-in material and services
- DP = Depreciation
- W = Wages
- I = Interest
- D = Dividends
- T = Taxes
- VA= Value Addition

TABLE 4.1: CALCULATION OF VALUE ADDITION OF TCS

Year	Sales	Wages	Interest	Depreciation	Dividends	Taxes	VA
2003	4,914.70	1,012.70	15.2	92.9	283.02	220.5	3,290.38
2004	6,782.82	2,678.98	8.2	118.84	438.42	1.49	3,536.89
2005	8,051.10	3,967.52	10.4	133.22	552.13	280.76	3,107.07
2006	11,230.50	5,113.96	4.49	257.38	660.56	319.45	4,874.66
2007	14,939.97	6,186.85	3.43	343.41	1,125.39	410.8	6,870.09
2008	18,533.72	6,015.19	3.42	458.78	1,370.05	457.58	10,228.70
2009	22,401.92	7,370.09	7.44	417.46	1,370.05	340.37	12,896.51
2010	23,044.45	7,882.43	9.54	469.35	3,914.43	737.89	10,030.81
2011	29,275.41	10,190.31	20.01	537.82	2,740.10	1,130.44	14,656.73
2012	38,858.54	14,100.41	16.4	688.17	4,893.04	2,260.86	16,899.66

TABLE 4.2: CALCULATION OF VALUE ADDITION OF WIPRO

Year	Sales	Wages	Interest	Depreciation	Dividends	Taxes	VA
2003	3,992.01	642.47	3	137.94	23.26	89.3	3,096.04
2004	5,134.89	864.44	3.41	151.6	675	141.27	3,299.17
2005	7,233.16	2,878.53	7.46	185.97	351.79	255.15	3,554.26
2006	10,227.12	4,279.03	2.13	292.26	712.88	286.1	4,654.72
2007	13,683.90	5,768.20	2.64	359.8	873.7	334.1	6,345.46
2008	17,492.60	7,409.10	32.6	456	876.5	406.4	8,312.00
2009	21,507.30	9,249.80	40.66	533.6	586	574.1	10,523.14
2010	22,922.00	9,062.80	12.02	579.6	880.9	790.8	11,595.88
2011	26,300.50	10,937.40	9.13	600.1	981.8	861.8	12,910.27
2012	31,682.90	13,223.70	6.65	739.5	1,475.20	1,233.50	15,004.35

TABLE 4.3: CALCULATION OF VALUE ADDITION OF INFOSYS

Year	Sales	Wages	Interest	Depreciation	Dividends	Taxes	VA
2003	3,622.69	1,677.12	518.21	188.95	178.81	199.5	860.10
2004	4,760.89	2,367.35	426.73	230.9	862.46	227.49	645.96
2005	6,859.66	3,183.25	384.02	268.22	309.8	325.3	2,389.07
2006	9,028.00	4,274.00	310.9	409	1,238.00	303	2,493.10
2007	13,149.00	6,316.00	235.84	469	649	352	5,127.16
2008	15,648.00	7,771.00	195.41	546	1,902.00	630	4,603.59
2009	20,264.00	9,975.00	250.29	694	1,345.00	895	7,104.71
2010	21,140.00	10,356.00	193.73	807	1,434.00	1,717.00	6,632.27
2011	25,385.00	12,464.00	488.2	740	3,445.00	2,378.00	5,869.80
2012	31,254.00	15,481.00	431.84	794	2,699.00	3,110.00	8,738.16

TABLE 4.4: CALCULATION OF VALUE ADDITION OF SATYAM COMPUTER SERVICES

Year	Sales	Wages	Interest	Depreciation	Dividends	Taxes	VA
2003	871.73	87.81	38.9	11.09	31.91	0.82	701.2
2004	1,127.98	79.76	47.3	10.19	68.41	7.59	914.73
2005	1,447.01	106.99	64.8	6.5	103.22	16.1	1149.4
2006	3,032.92	130.22	84.34	6.75	134.68	18.3	2658.63
2007	3,768.62	217.73	113.8	12.55	135.3	112.14	3177.1
2008	4,615.39	292.96	136.93	16.35	136.84	129.72	3902.59
2009	4,675.09	325.98	184.9	17.27	111.27	113.42	3922.25
2010	5,078.76	368.41	136.3	21.73	170.73	107.1	4274.49
2011	6,794.48	448.31	124.6	33.2	176.3	58.08	5953.99
2012	8,907.22	458.79	152.05	43.12	66.88	13.68	8172.7

TABLE 4.5: CALCULATION OF VALUE ADDITION OF HCL

Year	Sales	Wages	Interest	Depreciation	Dividends	Taxes	VA
2003	2,023.65	981.14	37.3	124.18	8.87	61.54	810.62
2004	2,541.55	1,338.84	26.3	111.62	16.24	106.15	942.40
2005	3,464.23	1,999.10	0.76	103.94	20.86	116.74	1,222.83
2006	4,634.31	2,702.24	0.72	122.81	32.02	206.14	1,570.38
2007	6,228.47	3,692.92	4.24	129.89	37.55	150	2,213.87
2008	8,137.28	4,964.84	16.2	137.94	74.89	226.12	2,717.29
2009	8,432.50	5,592.70	153.62	297.2	67.4	150.7	2,170.88
2010	5,107.60	3,731.00	9.96	190.8	63.81	16.2	1,095.83
2011	4,780.80	3,292.00	0.3	149.9	58.74	53.7	1,226.16
2012	5,964.30	3,635.40	0.31	149.4	49.75	53.9	2,075.54

TABLE 4.6: CALCULATION OF VALUE ADDITION OF IBM

Year	Sales	Wages	Interest	Depreciation	Dividends	Taxes	VA
2003	568.43	162.54	114	13.38	9.33	24.6	244.58
2004	684.46	260.07	124	3.6	26.16	49.51	221.12
2005	902.86	395.51	136	26.59	37.44	49.47	257.85
2006	1,153.82	518.56	97	38.78	38.26	44.76	416.46
2007	1,552.34	715.99	146	56.54	42.46	26.37	564.98
2008	1,792.97	870.07	92	60.31	49.06	20.67	700.86
2009	2,212.62	1,058.51	118	42.84	83.05	36.58	873.64
2010	2,243.47	1,048.56	126	37.41	78.81	86.52	866.17
2011	2,360.51	1,052.13	97	33.65	115.38	66.41	995.94
2012	2,605.85	1,253.27	124	40.12	129.71	476.66	582.09

TABLE 4.7: CALCULATION OF VALUE ADDITION OF TECH MAHINDRA

Year	Sales	Wages	Interest	Depreciation	Dividends	Taxes	VA
2003	602.62	123.17	54	22.53	117.22	33.79	251.91
2004	711.5	213.91	76	22.14	37.46	15.02	346.97
2005	922.34	353.73	110	31.53	22.32	14.28	390.48
2006	1,197.14	467.58	104	37.38	103.93	20.52	463.73
2007	2,753.22	840.41	56.56	46.28	26.62	61.51	1721.84
2008	3,604.70	1,222.40	11.48	73.6	66.8	68.9	2161.52
2009	4,357.80	1,419.70	20	107.4	48.8	103.9	2658
2010	4,483.80	1,598.70	261.72	129.9	42.8	131.4	2319.28
2011	4,965.50	1,943.80	91.93	138.3	51	109.3	2631.17
2012	5,243.00	2,209.80	149.9	150.5	51.4	118.4	2563

TABLE 4.8: CALCULATION OF VALUE ADDITION OF PATNI COMPUTER SERVICES

Year	Sales	Wages	Interest	Depreciation	Dividends	Taxes	VA
2003	448.21	166.7	4.42	29.73	3.91	26.83	216.62
2004	537.01	233.3	0.83	39.21	12.48	23.99	227.2
2005	702.07	286.08	0.9	47	25	25.71	317.38
2006	875.6	392.8	5.19	60.03	34.47	38.51	344.6
2007	997.83	446.15	1.96	72.56	41.48	100.13	335.55
2008	1,172.30	560.19	4.35	80.48	41.82	48.18	437.28
2009	1,541.02	742.55	6.29	87.82	38.45	24.14	641.77
2010	1,734.86	812.47	6.52	91.98	38.74	39.06	746.09
2011	1,891.27	946.22	2.3	91.9	84.67	60.49	705.69
2012	2,151.67	1,244.51	2.15	109.73	75.39	90.39	629.5

TABLE 4.9: CALCULATION OF VALUE ADDITION OF MPHASIS

Year	Sales	Wages	Interest	Depreciation	Dividends	Taxes	VA
2003	728.92	162.54	28.7	54	23.26	73.89	386.53
2004	927.82	260.07	27.3	76	75	86.21	403.24
2005	1,036.63	395.51	49.68	110	61.79	135.62	284.03
2006	1,356.81	518.56	61.18	104	71.88	38.17	563.02
2007	1,673.37	715.99	39.3	56.56	87.7	26.7	747.12
2008	1,451.55	870.07	3.7	11.48	86.5	14.15	465.65
2009	3,405.02	1,058.51	3.33	20	586	33.94	1,703.24
2010	3,770.08	1,048.56	10.3	261.72	880.9	95.22	1,473.38
2011	3,404.13	1,052.13	1.27	91.93	981.8	129.57	1,147.43
2012	3,420.84	1,253.27	1.17	149.9	1,475.20	142.2	399.10

TABLE 4.10: CALCULATION OF VALUE ADDITION OF L&T INFO TECH LTD

Year	Sales	Wages	Interest	Depreciation	Dividends	Taxes	VA
2003	12,899.56	1,677.12	164.98	29.73	283.02	582.72	10,161.99
2004	14,871.91	2,367.35	378	39.21	438.42	736.18	10,912.75
2005	16,892.56	3,183.25	142.7	47	552.13	782.29	12,185.19
2006	18,788.72	4,274.00	237.7	60.03	660.56	845.42	12,711.01
2007	20,671.88	6,316.00	252.17	72.56	1,125.39	915.04	11,990.72
2008	24,946.11	7,771.00	42.52	80.48	1,370.05	982.05	14,700.01
2009	33,856.54	9,975.00	57.82	87.82	1,370.05	1,176.19	21,189.66
2010	36,870.19	10,356.00	9.47	91.98	3,914.43	1,577.02	20,921.29
2011	43,656.71	12,464.00	9.59	91.9	2,740.10	1,858.47	26,492.65
2012	53,265.95	15,481.00	58.95	109.73	4,893.04	1,853.83	30,869.40

The ANOVA test is conducted between the groups which were formed on the basis of positivity of MVA. It is found that eight of ten companies in the selected samples have positive MVA.

TABLE 4.11: ANOVA TEST RESULTS (GROUPING ON BASIS OF MVA)

		Sum of Squares	df	Mean Square	F	Sig.
Accounting profit	Between Groups	7.619E7	1	5.619E7	7.865**	0.046
	Within Groups	9.736E8	99	10575051.2		
	Total	**9.747E8**	**100**			
Value added	Between Groups	2.603E10	1	2.603E10	3.583*	0.062
	Within Groups	6.467E11	99	7.267E9		
	Total	**6.728E11**	**100**			
EVA	Between Groups	3.421E8	1	3.421E8	0.434	0.512
	Within Groups	7.013E10	99	7.880E8		
	Total	**7.048E10**	**100**			
MVA	Between Groups	1.362E8	1	1.362E8	51.787**	0.001
	Within Groups	2.953E7	99	3329637.8		
	Total	**4.758E7**	**100**			

Table 4.11 shows that the positive MVA affect the EVA, accounting profit and value added to the organization cannot be differentiated on the basis of MVA.

TABLE 4.12: DESCRIPTIVE ANALYSIS OF ANOVA TEST RESULTS (GROUPING ON BASIS OF MVA)

		N	Mean	Std. Deviation	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Accounting profit	0	5	2743.38	3782.729	1372.82	4271.65	70	18920.63
	1	95	3783.73	2876.581	1976.61	2668.87	95.17	20921
	Total	**100**	**3299.97**	**4587.706**	**2389.67**	**4210.27**	**70**	**20921**
Value added	0	5	3648.7289	4827.80903	2749.8379	4948.4543	389.84	83940.41
	1	95	2748.8737	5378.76388	1738.6538	1426.7289	216.62	30869.40
	Total	**100**	**4665.6427**	**5987.30063**	**3477.6324**	**5853.6530**	**216.62**	**30869.40**
EVA	0	5	1269.4355	19825.5224	-2972.7255	3984.9878	-71861.62	69867.02
	1	95	2852.5910	15918.8172	681.7728	2062.6385	-101166.00	52761.719
	Total	**100**	**1119.6753**	**17312.16416**	**-2315.4337**	**4554.7843**	**-101166.00**	**69867.02**
MVA	0	5	27739.738	42893.849	17498.25	35282.628	-11744	211962
	1	95	22638.526	39628.425	12636.46	31526.756	-9168	17928
	Total	**100**	**28390.96**	**44918.522**	**19432.12**	**37349.80**	**-11744**	**211962**

Table 4.12 confirms that the mean value of MVA and Accounting profits vary across the groups. That is, negative MVA generating organizations have also resulted in lower market addition to the value of organization. At the same time, they also generate lower Accounting profits. However, they are considerably providing same values to the different stakeholders of the organization, irrespective of the MVA.

CONCLUSION

The software industry is going through a rapid and significant transition. India's domination in the IT and software sector and its growing reputation as one of the world's best outsourcing destinations have created good basis for future prospects. The key to creating wealth is adding value. Adding value is the way that all fortunes are made. In many studies relating to EVA and MVA, the twin wealth creation measures were established. Even though in the present study, most of the companies have observed negative and low positive EVA, their MVA performance is good. This implies that the wealth creation has the direct influence on market forces.

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