APPENDIX 1

National Industrial Classification in India:

In India the National Industrial Classification (NIC) codes (same as the Standard Industrial Classification (SIC) at the international level) are published by the Central Statistical Organization, Dept. of Statistics, Ministry of Planning, Govt. of India, New Delhi. It is the classification of all industrial activities undertaken by an establishment (factory, farm, stores etc.) which has a relatively homogeneous output. Homogeneity of output is measured by comparing the activities by a productive unit with other productive units producing similar product.

The whole of NIC has been divided into Major Groups (2-digit) and Groups (3-digit). With a few exceptions where NIC is available in 4-digit levels. So, the whole of the NIC is available in 2-digit and 3-digit levels (in some advanced countries it is available at 7-digit levels). Examples can be seen in Table A. Now an example is taken to classify the distinction and applicability of the Rumelt’s methodology and SIC-based measures.

Taking a look at Table B, two companies, A and B can be seen. Company A is manufacturing four products - cement, cotton textiles, electricity and beverages. If the SIC based measures are applied, (if split-up sales are not given) to this company, then it will be classified as a highly diversified; but Rumelt’s methodology will classify it as
undiversified (single business), since 95 percent revenue is coming from a single product. But, on the other hand, in case of company B, both the measures will classify the company as highly diversified since it is operating in three different two-digit industries, and is having not more than 70 percent sales revenues from a single product. So, with SIC-based measures, both the companies will be classified as diversified (in the absence of split up sales), while Rumelt's approach will classify only company B as diversified one.

If both the measures are analysed in the light of the above example, then Rumelt's methodology gives a true picture of the diversity of the company, while SIC-based measures will mislead. But that can be taken care by assigning appropriate weights to different SIC codes. But it will be possible only if the product-wise split up sales of company is available.
Appendix - 1

Table A: National Industrial Classification (NIC)

<table>
<thead>
<tr>
<th>Major Group</th>
<th>Group</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>23</td>
<td>230</td>
<td>Manufacture of cotton textiles</td>
</tr>
<tr>
<td></td>
<td>231</td>
<td>Cotton ginning, cleaning and baling.</td>
</tr>
<tr>
<td></td>
<td>25</td>
<td>Cotton spinning, weaving, shrinking, sanforising, mercerising and finishing of cotton textiles in mills.</td>
</tr>
<tr>
<td></td>
<td>250</td>
<td>Manufacturing of jute, hemp and mesta textiles.</td>
</tr>
<tr>
<td></td>
<td>251</td>
<td>Jute and mesta pressing and baling</td>
</tr>
<tr>
<td></td>
<td>252</td>
<td>Jute and mesta spinning and weaving</td>
</tr>
<tr>
<td></td>
<td>30</td>
<td>Dying, printing and bleaching of jute textiles</td>
</tr>
<tr>
<td></td>
<td>300</td>
<td>Manufacture of rubber, plastic, petroleum and coal products</td>
</tr>
<tr>
<td></td>
<td>301</td>
<td>Tyre and tube industries</td>
</tr>
<tr>
<td></td>
<td>301</td>
<td>Manufacture of footwear made primarily of volcanised or moulded rubber.</td>
</tr>
</tbody>
</table>

Table B: Product profiles of Company

<table>
<thead>
<tr>
<th>Company</th>
<th>Products</th>
<th>NIC codes</th>
<th>split up sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Cement, Cotton textiles, 32,23,40, Electricity, Beverages</td>
<td>95%,2%,1%, 22 respectively 1% respectively</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Cement, Cotton textiles 32,23, Electricity</td>
<td>40%,30%, 40 respectively 30% respectively</td>
<td></td>
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</tbody>
</table>
Appendix - 2
Details of Product Categories Company-wise

I. GLAXO INDIA LTD.

Product Categories :
1. Chemicals (including Bulk Drugs)
2. Bulk Vaccines
3. Formulations :
   i) Liquids - Orals
   ii) Tropicals, Parenteral and Malt
   iii) Antibiotic Vials
   iv) Solids including powders and ointments
4. Foods (Baby foods, beverages, etc)

II. HINDUSTAN LEVER LTD.

Product Categories :

1. Processed triglycerides/hydrogenated oils/vanaspati
2. Soaps and Detergents :
   i) Soaps
   ii) Detergents
   iii) Personal products
   iv) Glycerine refined
   v) Scourers.
3. Chemicals :
   i) Fine chemicals
   ii) Sulpheric acid
   iii) Phosphoric acid
   iv) Sodium tripolyphosphate
   v) Diammonium phosphate
   vi) Dicamba herbicide
   vii) Catalyst
   viii) Fluid cracking catalyst
4. Agri and Aqua products:
   i) Plant growth nutrients
   ii) Animal feeding stuffs
   iii) Marine products
   iv) Tea.
5. Garments and made ups
6. Footwear
7. Others

III. INDIAN TOBACCO COMPANY

Product Categories:
1. Cigarettes
2. Tobacco:
   i) Smoking tobacco
   ii) Unmanufactured tobacco
3. Packaging and printing
4. Marine products
5. Agri-products
6. Hotels
7. Miscellaneous.

IV. BIRLA JUTE & INDUSTRIES LTD.
Product Categories:
1. Jute goods
2. Carbide & Gas:
   i) Calcium Carbide
   ii) Oxygen gas
   iii) Acetylene gas
3. Synthetic:
   i) Viscose & cotton yarn
4. Cement:
   i) Slag cement
   ii) Iron & steel casting
   iii) Clinker
5. Others.
V. PFIZER LTD.

Product Categories:
1. Manufacturing Activities
   a) Medicines:
      i) Injectables
      ii) Liquid Parenterals
      iii) Dry fills
      iv) Tablets & Capsules
      v) Liquids
      vi) Solids
      vii) Ointments
   b) Manufacturing Activities
      i) Basic Drugs
      ii) Oxytetracycline
      iii) Chlorpropamide
      iv) Isonictinic acid hydrazide
      v) Morantal and its salts
      vi) Pyrantal pamoate

2. Feed Supplements

3. Others

VII. LARSEN & TOUBRO LTD.

Product Categories:
1. Electronic medical test and measuring & other instruments:
   i) Industrial electronic control panels.
   ii) Electronic devices
   iii) EPABX/EPAX/RAX and allied equipment
   iv) Switchgear, all types
   v) Electro surgical unit and accessories.
   vi) Transmission line tower.

2. Earth moving machinery including bulldozers, dumpers, crapers, loaders, shovels, vibratory compactors and drag lines.
3. Industrial machinery
4. Crown corks
5. Nuclear purpose equipment, deaerators, ultra high pressure vessels, including multiwall vessels, high pressure heat exchangers & high pressure heaters.
6. Chemical plant and machinery including pharmaceutical, dyestuff, distillery, brewery and solvent extraction plants, evaporator and crystalliser plants and pollution control equipment.
7. Cement
8. Petrol dispensing and metering pumps
10. Alumínium capsules.
11. Valves and accessories
12. Welding alloys and accessories
13. Dairy machinery and equipment - various items
14. Suspended particles drying plants, Hydraulic and pneumatic equipment
15. Others:
   i) Power metallurgy products
   ii) Equipment for food processing
   iii) Packing materials
   iv) Ship auxilliaries & components
   v) Press tools, jigs, fixtures
   vi) Closed shoes
   vii) Steel structural fabrication
VI. BALLARPUR INDUSTRIES LTD.

Product Categories:
1. Paper:
   i) Paper including wrapper
   ii) Coated paper
2. Vanaspati
3. Chemicals:
   i) Caustic Soda
   ii) Chlorine
   iii) Hydrochloric Acid
   iv) Hypochlorite
   v) Sodium Tripolyphosphate
   vi) Phosphoric Acid
   vii) Bromine
4. Others.
### Calculated 'r' values in K-W test in Chapter 3. (This was the basis of ranking)

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Companies</th>
<th>Current Ratio</th>
<th>Acid Ratio</th>
<th>Debt-Equity Ratio</th>
<th>Gross Profit Ratio</th>
<th>Net Profit Ratio</th>
<th>Return on Assets</th>
<th>Return on Capital</th>
<th>Shareholder's Equity Ratio</th>
<th>Return on Equity Ratio</th>
<th>Assets Turnover Ratio</th>
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<td>1</td>
<td>GLAXO</td>
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<td>10.08</td>
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<td>HLL</td>
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<td>ITC</td>
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<td>BJ&amp;I</td>
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<td>18.50</td>
<td>24.00</td>
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<td>5</td>
<td>PFIZER</td>
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<tr>
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