Chapter - 5
NORMATIVE APPROACH

The analysis of financial statements is typically devoted to the calculation of accounting ratios in order to evaluate the performance of an enterprise. Ratio analysis is a tool very effectively used to evaluate the performance and assess the financial soundness of an enterprise. The conventional tool of ratio analysis is well known and widely used to assess the financial performance of the firm. The main object of this study is to draw attention to a new technique of the application of accounting ratios developed through statistical techniques of normal distribution to develop Industry norms and standards.

After establishing the standard norms of each Industrial sector, the actual position at the end of each year is compared with established levels/norms of Individual Industrial sector. Any significant variance highlights the area of strengths and weaknesses and call for immediate attention of the analyst. It is not always correct that every variation in actual performance from the standard levels/norms is an indication of financial instability. Normal variation is a temporary phenomenon and it usually set right in the process of operation of business. But where huge variation from standard norms are simultaneously deducted, no time should be left in initiating a detailed study to establish the reasons for such variation and corrective measures should be taken accordingly.

In the following Sections Performance Evaluation of each industrial sector id discussed in detail:
5.1 Performance Evaluation of General Engineering and Electronics Industries:

In this section, an attempt has been made to evaluate the financial performance of General Engineering and Electronics Industries by computing the weighted composite scores of financial ratios on year to year basis from 1991-92 to 1995-96. Industry's norms/standards for these selected years have been calculated with the help of statistical technique of normal distribution. The weighted composite scores and Industry's norms are depicted in Appendix 5.1-5.5. A Composite Financial Performance Index of these weighted scores and Industry's norms/standards has been prepared in Table 5.1 to show financial performance of this Industrial sector for the entire period under study.

Financial results of Alfa Level India Ltd. which was 1.73 in 1991-92 deceased gradually to -3.70, -3.33, -5.74 and -7.09 in the ensuing four years under study.

The main reasons behind deteriorating financial performance as revealed from Appendix 5.1-5.5 are found to be continuous declining trends in efficiency, capitalisation and turnover ratios from 1991-92 to 1995-96. NS/TA declined from -0.11 in 1991-92 to -0.94, -0.51, -0.41 and -0.48 respectively in the ensuing four years. Cash flow ratio also decreased from -0.26 to -0.85, -0.75, -0.66 and -0.97 respectively during this period. It is further observed that despite growth in net profits, the computed return on capital employed declined from -0.96 in 1991-92 to -0.75, -0.60, -0.57 and -0.75 respectively in the ensuing four years mainly due to further increase in equity capital. Consequently, the overall working results reflected corresponding declining tendency during this period.
### Table 5.1
General Engineering and Electronics Industries
Composite financial Performance Index 1991-92 to 1995-96

<table>
<thead>
<tr>
<th>SN</th>
<th>Name of the Company</th>
<th>91-92</th>
<th>92-93</th>
<th>93-94</th>
<th>94-95</th>
<th>96-97</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Alfa Laval India Ltd (ALI)</td>
<td>1.73</td>
<td>-3.70</td>
<td>-3.33</td>
<td>-5.74</td>
<td>-7.09</td>
</tr>
<tr>
<td>3.</td>
<td>Bharat Gears Ltd (BGL)</td>
<td>-2.10</td>
<td>-5.48</td>
<td>-10.15</td>
<td>-5.52</td>
<td>-2.18</td>
</tr>
<tr>
<td>4.</td>
<td>Gabriel India Ltd (GIL)</td>
<td>-1.98</td>
<td>-1.04</td>
<td>1.98</td>
<td>3.98</td>
<td>-0.26</td>
</tr>
<tr>
<td>5.</td>
<td>Hero Honda Motors Ltd (HHM)</td>
<td>11.62</td>
<td>6.42</td>
<td>5.08</td>
<td>7.63</td>
<td>10.66</td>
</tr>
<tr>
<td>6.</td>
<td>Inger Soil – Rand India Ltd (IRI)</td>
<td>6.76</td>
<td>4.52</td>
<td>5.79</td>
<td>1.31</td>
<td>2.23</td>
</tr>
<tr>
<td>8.</td>
<td>Kirloskar Cummins Ltd (KCL)</td>
<td>-2.98</td>
<td>-2.98</td>
<td>2.23</td>
<td>4.88</td>
<td>6.47</td>
</tr>
<tr>
<td>9.</td>
<td>Punjab Tractors Ltd (PTL)</td>
<td>0.97</td>
<td>3.72</td>
<td>4.87</td>
<td>11.96</td>
<td>14.39</td>
</tr>
<tr>
<td>10.</td>
<td>Rane (Madras) Ltd (RML)</td>
<td>-2.14</td>
<td>-2.70</td>
<td>-3.74</td>
<td>-1.06</td>
<td>-1.73</td>
</tr>
<tr>
<td>11.</td>
<td>Rico Auto Industries Ltd (RAI)</td>
<td>3.43</td>
<td>-0.52</td>
<td>-5.92</td>
<td>-7.77</td>
<td>-7.34</td>
</tr>
<tr>
<td>12.</td>
<td>Shanthi Gears Ltd. (SGL)</td>
<td>0.33</td>
<td>-1.78</td>
<td>-2.86</td>
<td>-2.69</td>
<td>-0.71</td>
</tr>
<tr>
<td>13.</td>
<td>Sulzer India Ltd (SIL)</td>
<td>-0.21</td>
<td>-1.44</td>
<td>2.71</td>
<td>7.32</td>
<td>2.02</td>
</tr>
<tr>
<td>14.</td>
<td>Tata Engineering and Loco Mative Co. Ltd (TEL)</td>
<td>-5.29</td>
<td>-10.00</td>
<td>-6.55</td>
<td>0.66</td>
<td>-0.76</td>
</tr>
<tr>
<td>15.</td>
<td>Bajaj Electricals Ltd (BEL)</td>
<td>9.16</td>
<td>12.70</td>
<td>16.13</td>
<td>-2.82</td>
<td>-7.01</td>
</tr>
<tr>
<td>16.</td>
<td>Bharat Bijlee Ltd (BBL)</td>
<td>3.24</td>
<td>2.52</td>
<td>-1.25</td>
<td>6.86</td>
<td>12.86</td>
</tr>
<tr>
<td>17.</td>
<td>Carbon Everflow (ltd (CEL)</td>
<td>-2.10</td>
<td>-0.09</td>
<td>-6.28</td>
<td>-3.90</td>
<td>-1.20</td>
</tr>
<tr>
<td>18.</td>
<td>Emco Transformers Ltd (ETL)</td>
<td>6.35</td>
<td>3.18</td>
<td>-1.07</td>
<td>-0.92</td>
<td>-4.06</td>
</tr>
<tr>
<td>19.</td>
<td>Exide Industries Ltd (FIL)</td>
<td>-2.70</td>
<td>-2.38</td>
<td>-4.55</td>
<td>-5.08</td>
<td>-4.49</td>
</tr>
<tr>
<td>20.</td>
<td>Finolex Cables Ltd (FCL)</td>
<td>2.37</td>
<td>10.33</td>
<td>3.77</td>
<td>-3.46</td>
<td>-1.99</td>
</tr>
<tr>
<td>21.</td>
<td>Otis Elevator Company (India) Ltd (OEL)</td>
<td>-14.06</td>
<td>-14.31</td>
<td>-14.50</td>
<td>-8.20</td>
<td>-4.98</td>
</tr>
<tr>
<td>22.</td>
<td>Tata Unisys Ltd (TUL)</td>
<td>5.86</td>
<td>3.61</td>
<td>5.82</td>
<td>3.57</td>
<td>4.84</td>
</tr>
<tr>
<td>23.</td>
<td>Usha Beltron Ltd (UBL)</td>
<td>2.89</td>
<td>20.29</td>
<td>12.81</td>
<td>3.64</td>
<td>-3.10</td>
</tr>
<tr>
<td>24.</td>
<td>Atlas Copco (India) Ltd. (ACL)</td>
<td>-10.72</td>
<td>-6.80</td>
<td>5.77</td>
<td>4.72</td>
<td>1.32</td>
</tr>
<tr>
<td>25.</td>
<td>Bajaj Auto Ltd (BAL)</td>
<td>-1.53</td>
<td>0.44</td>
<td>9.46</td>
<td>8.97</td>
<td>10.01</td>
</tr>
</tbody>
</table>

Normative standard (NS) (2.10) (2.15) (2.15) (2.11) (2.13)

The above data has been extracted from appendix 5.1-5.5
Deteriorating Financial Performance of Ashok Leyland Ltd. is noticed during the entire period under study. It ranges between -7.91 to -9.12 during this period.

After analysing various explanatory variables, it is noticed that the main reasons for poor financial performance of the company were low turnover, paucity of profit and inefficient management. NS/TA varied between -1.01 to -0.66 during the period under study. NP/TA ranges between -1.33 and -0.84. Asset turnover ratio as depicted in Appendix 5.1-5.5 remained at -0.43, -1.10, -0.84, -0.85 and -0.77 respectively during 1991-92 to 1995-96.

Extremely Poor position is noticed in financial performance of Bharat Gears Ltd. during the period under study. It declined from -2.10 in 1991-92 to -5.48 and -10.15, -5.52 and -2.18 respectively during 1991-92 to 1995-96.

Acid-test ratio of the company which was 0.16 in 1991-92 as per Appendix 5.1 declined to -0.38, -1.05, -0.71 and -0.64 respectively during 1992-93 to 1995-96. Profitability ratios declined from 1991-92 to 1993-94 with minor recovery in the ensuing two years. Cash flow ratio which was 0.30 in 1991-92 as per Appendix 5.1 decreased to -0.12 and -0.57 respectively in 1992-93 and 1993-94. It improved marginally to 0.09 and 0.79 in the last two years. Similarly, company’s ETOE, EPS declined from 1991-92 to 1993-94 with minor recovery in the penultimate and concluding year under study. Recovery from sundry debtors which was reported to be insignificant in the first three years under study improved substantially in the last two years. The sales turnover deteriorated continuously up to 1993-94. However, during 1994-95 and 1995-96, company’s turnover improved by 37% and 31% respectively and the overall performance reported to be
improving when compared with earlier years. The analysis of dividend per share and dividend yield ratio of *Bharat Gears Ltd.* reveals that whereas dividend per share depicted inverse position, dividend yield ratio displayed positive results during the entire period under study. It means that market value per share of the company is extremely low since yield is invariably expressed in terms of market price per share.

*Gabriel India Ltd.* showed fluctuating tendency in its working results during the period under study. It was -1.98 in 1991-92. It improved to -1.04, 1.98 and 3.98 respectively in the ensuing three years. However, it again decreased to -0.26 in 1995-96.

The computed return on capital employed which was -0.29 in 1991-92 as per *Appendix 5.1* increased to -0.16, 0.20 and 0.32 respectively in the ensuing three year. However, it again declined to -0.56 in 1995-96. Likewise, company’s dividend to equity which was -0.31 in 1991-92 improved significantly to 0.30, 0.48 and 0.47 respectively in the next three years under study, however as revealed by *Appendix 5.5* it again declined to -0.10 in 1995-96. Our analysis further reveals that improvement in the financial performance of the company in the year 1992-93 to 1994-95 was due to increase in sales volume on account of better product-mix.

*Hero Honda Motors Ltd.* achieved excellent working results during the entire period under study. It varies between 5.08 to 11.62.

The company developed adequate sale volume during the period under study. NS/TA as depicted in *Appendix 5.1-5.5* was 1.50,
1.35, 1.50, 1.99 and 2.55 respectively during 1991-92 to 1995-96. It is further observed that CFR, ETOE, DTOE, DTOR, ATOR and WCTR also yielded excellent results during the period under study. It means that the speed and velocity with which various operations are performed by the company were satisfactory. Our analysis further reveals that despite continuous growth in production and turnover, profit margins remained under pressure due to substantial increase in operating and non-operating expenses. Therefore, company should pay adequate attention to minimise these expenses through various measures of cost control.

Financial results of Inger Soll-Rand India Ltd. were 6.76, 4.52, 5.79, 1.31 and 2.23 respectively during 1991-92 to 1995-96.

Excellent performance in the initial three years i.e. 6.76, 4.52 and 5.79 were due to development of huge sales volume and profits by the company. The sales turnover represented an increase of 33.78%, 15% and 5% respectively during this period. Profitability also grew by 28%, 12% and 4% over the annualised figures of previous year. The overall working was reported to be satisfactory especially in view of the curtailed demand felt throughout the industry sector. Added to this, effective management of assets contributed to excellent performance of the company. During 1994-95, reduction in exports and purchase by Government projects is witnessed. The majority of explanatory variables showed declining trends of liquidity, profitability, efficiency and effectiveness of the company during this year. Consequently, the overall financial results decreased to 1.31 during this year. During 1995-96, sales volume coupled with exports and profitability once again increased by 29% and 13%
respectively. As a consequence of which the overall working results improved from 1.31 to 2.23 during this year.

Financial Performance of Kirloskar Brothers Ltd. was below average i.e. -0.23 in the year 1991-92, since then it starts deteriorating further every year. It reduced to -5.59, -8.28, -9.22 and -9.93 respectively in the ensuing four years under study.

Company's extremely poor financial position was due to inability of management to earn sufficient resources and to perform its operations effectively. Return on capital employed as depicted in Appendix 5.1 was 0.22 in 1991-92. It reduced to -0.15, -0.58, -1.22 and -0.97 respectively in the ensuing four years. Likewise, company's CFR, ETOE, DTOE and EPS also declined substantially from 1991-92 to 1995-96. It is further observed that asset turnover ratio of the company decreased from 0.28 in 1991-92 to 0.03, -0.16, -0.17 and -0.25 respectively from 1992-93 to 1995-96. It implies that company was not able to manage its assets effectively during this period. Consequently, the overall financial performance revealed deteriorating position of the company.

Kiroloskar Cummins Ltd. shows extremely poor performance i.e. -2.98 each in the initial two years. However, since then it starts improving and rose to 2.23, 4.88 and 6.47 respectively from 1993-94 to 1995-96 showing significant improvement over the earlier years.

During 1991-92 and 1992-93, the Government had taken strong measures to improve the banking system and the consequent credit crunch led to postponement of expansion programmes and resulted in reduced demand for diesel engines. A considerable drop in the off-take of equipments by
Government customers were also witnessed. In addition, due to the social disturbances in the country, movement of raw materials and components disrupted significantly. As a consequent of which, company's profitability and efficiency affected adversely during this period. However, since 1993-94 company has started developing adequate sales volume and the company earned sufficient profits during this period. Further, as per Appendix 5.1-5.2 cash flow ratio of the company were -0.48 and -0.06 in 1991-92 and 1992-93 respectively. It improved to 0.59, 0.83 and 0.66 respectively from 1993-94 to 1995-96. Likewise, company's ETOE and EPS improved during this period. It is further observed that asset turnover ratio improved from -0.15 and -0.28 in 1991-92 and 1992-93 to 0.18, 0.79 and 0.96 during 1993-94 to 1995-96. It implies that the company was able to manage its assets more effectively during this period. The analysis of gross profits and net profits together reveals that the former was better than the later. It means that the company was able to generate adequate gross profits through better margins and effective purchase policies, however net profits declined due to increase in non-operative expenditure.

Financial Performance of Punjab Tractors Ltd. increased from 0.97 in 1991-92 to 3.72, 4.87, 11.96 and 14.39 respectively during 1992-93 to 1995-96.

The main reasons for company's excellent financial performance turned out to be continuous improvement in ROCE, NP/TA, ETOE and DTOE. Return on capital employed as depicted in Appendix 5.1-5.5 improved from -0.21 in 1991-92 to 1.50 in 1995-96, at the same time NS/TA improved from 0.75 in 1991-92 to 1.83 in 1995-96. Likewise, earning to equity and dividend to equity improved significantly during this
period. In addition, continuous growth in turnover resulted in improved working results. NS/TA, which was 1.11 in 1991-92, improved to 2.01 in 1995-96. It has further been observed that DTOR, ATOR and WCTR revealed significant improvement during this period. Hence, the overall working results of the company reported to be satisfactory.

Rane Madras Ltd. reveals deteriorating financial performance during the entire period under study. It ranges between -1.06 to -3.74 during this period.

The reasons behind poor financial position were inverse ROCE, EPS, DTOE and price earning ratio of the company. Return on capital employed being a decisive yardstick regarding overall performance of the company from the standpoint of profitability depicted working results -0.32, -0.45, -0.80, -0.06 and -0.47 during 1991-92 to 1995-96 as per Appendix 5.1-5.5. At the same time, price earning ratio of the company varied between -1.05 to -0.15 during this period. Company's earning per share ranges between 0.01 to -0.15 and DTOE remained between -1.04 to -0.32 during the period under study. Recovery from sundry debtors were negligible as revealed from DTOR of the company. Debtor turnover ratio, which was -0.11 in 1991-92 as per Appendix 5.1 remained negligible i.e. -0.17, -0.16, -0.07 and -0.03 during 1992-93 to 1995-96. As a result of these adverse factors, the overall working of the company remained insignificant during the entire period under study. Our analysis further reveals that sales volume as a percentage of total assets reported to be satisfactory. However, sales volume as a percentage of plant and machinery turned out to be negligible. It implies that huge funds were invested by the company in plant and machinery affecting its liquidity position adversely.
Financial analysis of Rico Auto Industries Ltd. displayed excellent results i.e. 3.43 in 1991-92, since then it starts deteriorating and decreased to -0.52, -5.92, -1.77 and -7.34 respectively during 1992-93 to 1995-96.

The main reasons behind company’s excellent financial position in the initial year turned out to be adequate sales volume, better utilisation of capital and effective management of assets. However, company could not continue the same trends during the remaining period under study. NP/TA as revealed by Appendix 5.1 was 0.23 in 1991-92. It reduced to -0.36, -0.70, -1.12 and -1.06 respectively during 1992-93 to 1995-96. At the same time, ROCE reduced from -0.09 in 1991-92 to -0.69 in 1995-96. Our analysis further reveals that earning to equity decreased from 0.23 in 1991-92 to -0.19, -0.59, -0.77 and -0.98 respectively during 1992-93 to 1995-96. Likewise, EPS declined further from -0.25 in 1991-92 to -0.51 in 1995-96. Dividend per share which was -0.34 in 1991-92 declined further to -0.59 in 1995-96. Dividend yield ratio decreased significantly from 1.19 in 1991-92 to -0.48, -0.05, -0.12 and -0.41 during 1992-93 to 1995-96. It has further been observed that asset turnover ratio which was 0.83 in 1991-92 reduced to 0.34, -0.47, -0.83 and -0.63 respectively in the ensuing four years under study. It implies that company was not able to manage its assets as effectively in the later years as in the initial year under study. As a consequent of which, the overall working results effected adversely from 1992-93 to 1995-96.

Deteriorating trends are noticed in financial results of Shanti Gears Ltd. during the five years under study. It reduced from 0.33 in 1991-92 to -1.78, -2.86, -2.69 and -0.71 during 1992-93 to 1995-96.
Our analysis reveals that NP/TA as depicted in Appendix 5.1-5.3 was 0.49, 0.19 and -0.11 respectively in the initial three years under study. However, it showed a minor improvement in 1994-95 and 1995-96, as revealed by Appendix 5.4-5.5 this variable depicted -0.06 and 0.05 working results during this period. Likewise, asset turnover ratio decreased further from -1.19 in 1991-92 to -1.26 and -1.30 respectively during 1992-93 and 1993-94. However since then a minor improvement is noticed in this financial ratio and it depicted -1.16 and -0.98 working results during 1994-95 and 1995-96. On account of these variations financial performance of the company deteriorated continuously from 1991-92 to 1993-94 with minor recovery in the last two years under study.

Sulzer India Ltd. shows fluctuating trends in financial results i.e. -0.21, -1.44, 2.71, 7.32 and 2.02 respectively 1991-92 to 1995-96.

Based upon the analysis of various explanatory variables, it is noticed that the main reasons for deteriorating financial performance of company in the initial two years were inadequate turnover and paucity of profits. As revealed by Appendix 5.1-5.2 NS/TA was -1.70 and -1.54 respectively during 1991-92 and 1992-93. NP/TA was -0.29 and -0.18 during this period. During 1993-94 and 1994-95 turnover registered growth of 76% and 50% respectively over the previous years. Profitability also increased correspondingly by 82% and 90% respectively. Consequently, the overall working results reported to be satisfactory during this period. During 1995-96, turnover further improved by 15%, however net profits declined by 6% due to substantial increase in input costs. Resultantly, the overall financial performance declined during this period as compared to previous year.
Tata Engineering and Loco Motive Ltd. disclosed extremely poor results i.e. -5.29, -10.00 and -6.55 in the initial three years. A minor improvement in working results 0.66 in noticed in the fourth year. However, it again declined to -0.76 in the concluding year under study.

During the first three years, company’s inverse position was due to inadequate sales turnover, insufficient profits and eroded liquidity. As revealed by Appendix 5.1-5.3 NS/TA was -0.44, -0.85 and -0.35 respectively during 1991-92 to 1993-94. However, it improved to 0.37 and 0.29 respectively during 1994-95 and 1995-96 as per Appendix 5.4-5.5. Likewise, ROCE was -0.73, -1.11 and -0.61 during 1991-92 to 1993-94. It improved to 0.24 and 0.03 respectively during 1994-95 and 1995-96. It has further been observed that CFR, ETOE and DYR varied similarly during the period under study. However, PER being decisive yardstick regarding market price per share to earning per share depicted positive results during majority of the period under study. From the above, it is clear that improvement in the sales volume coupled with better profit margins resulted in better financial performance in the penultimate and concluding year under study as compared to earlier years.

Continuous improvement in financial results i.e. 9.16, 12.70 and 16.13 of Bajaj Electricals Ltd. is noticed during 1991-92 to 1993-94 and since then it started deteriorating and declined to -2.82 and -7.01 respectively during 1994-95 and 1995-96.

After analysing various explanatory variables, it is found that in the initial three years excellent financial performance achieved by the company was due to development of substantial sales turnover and effective management of
assets. As revealed by Appendix 5.1-5.3 NS/TA was 2.25, 2.24 and 2.56 respectively in the initial three years. However, as per Appendix 5.4-5.5 it reduced to 1.12 and 1.13 respectively during the last two years under study. Likewise, asset turnover ratio which was 1.60, 2.07 and 2.60 during 1991-92 to 1993-94, reduced to 1.49 and 1.08 during 1994-95 and 1995-96. It has also been observed that earning per share reflected healthy position i.e. 1.43, 2.79 and 2.81 respectively in the initial three years which may be due to decrease in debt i.e. fixed charge. It means that both short-term and long-term solvency and profitability of the company was satisfactory during this period. However, EPS declined to -0.33 and -0.40 respectively during the penultimate and concluding year under study. In addition, the computed return on capital employed declined significantly from 1.17 in 1993-94 as per Appendix 5.3 to -1.03 and -1.48 respectively in the penultimate and concluding year under study, which affected the financial performance of the company adversely during this period.

Financial analysis of Bharat Bijlee Ltd. revealed fluctuating tendency in financial results i.e. 3.24, 2.52, -1.25, 6.86 and 12.86 respectively during the five years under study.

Excellent working results achieved by the company in the initial two years were due to growth in turnover, earning of sufficient profits and effective management of assets. As revealed by Appendix 5.1-5.2 NS/TA was 0.41 and 0.28 respectively during 1991-92 to 1992-93. The turnover was adversely affected in 1993-94 due to stagnant demand for products. However, during 1994-95 and 1995-96 sales turnover registered an increase of 16% and 39.9% respectively over the annualised figures of previous years.
The computed return on capital employed was 0.83 and 0.36 in the first two years. It declined to 0.32 in the third year as per Appendix 5.3. However, it again improved to 0.42 and 1.50 respectively in the penultimate and concluding year under study. Likewise, the asset turnover ratio of the company also varied similarly during the period under study. Our analysis further reveals that dividend per share depicted working results 2.75, 2.69, 2.39, 4.17 and 3.87 respectively during the five years under study. It implies that the company has adopted constant policy of dividend declaration to its shareholders. It is also noticed that EPS depicted working results 3.16, 2.73, 1.88, 4.42 and 4.40 respectively during 1991-92 to 1995-96. The healthy position of EPS was due to decrease in debt i.e. fixed charge. It is thus evident that both short-term and long-term solvency and profitability of the company was satisfactory.

Financial position of Carbon Everflow Ltd. revealed fluctuating trends in working results i.e. -2.10, -0.09, -6.28, -3.90 and -1.20 during the five years under study.

As revealed by Appendix 5.1-5.2 NS/TA improved from -0.19 in 1991-92 to 0.60 in 1992-93. However, since then it declined to -1.10, -0.68 and -0.56 respectively during 1993-94 to 1995-96. DTOR improved from -0.18 in 1991-92 to 0.34 in 1992-93. It means that recovery from sundry debtors improved marginally in 1992-93. However, as depicted in Appendix 5.3-5.5 DTOR again declined to 0.09, -0.12 and 0.02 during 1993-94 to 1995-96. The analysis of dividend per share and dividend yield ratio of Carbon Everflow Ltd. reveals that where as dividend per share depicted inverse position, dividend yield ratio found to be positive during the entire period under study. It implies that market value per share
of the company is extremely low since the yield is invariably expressed in terms of the market price per share. Further, analysis of current ratio and acid-test ratio of the company reveals that acid-test ratio as compared to current ratio depicted inverse position of the company. It implies that funds invested in the inventory as a percentage of total current assets are significant affecting working capital position of the company adversely.

Excellent financial performance i.e. 6.35 and 3.18 respectively were achieved by Emco Transformers Ltd. in the initial two years and since then it starts deteriorating and declined to -1.07, -0.92 and -4.06 respectively in the ensuing three years.

It is observed that main reasons for excellent performance of the company in initial two years were growth in profitability and effective utilisation of capital. Return on capital employed as revealed in Appendix 5.1-5.2 was 0.43 and 0.34 during 1991-92 and 1992-93. However, on account of substantial growth in the equity capital, it reduced to 0.27, 0.16 and -0.66 respectively during 1993-94 to 1995-96. Likewise, cash flow ratio and earning to equity revealed excellent performance in the first two years and reduced significantly in the ensuing three years under study. It is further noticed that working capital ratio displayed excellent results i.e. 1.42 and 1.35 respectively during 1991-92 and 1992-93. However, as depicted in Appendix 5.3-5.5. It reduced significantly to 0.34, -0.04 and -0.29 respectively during 1993-94 to 1995-96. As a result of substantial reduction in working results of these variables the overall financial performance of the company which revealed excellent position in the initial two years,
deteriorated significantly in the last three years under study.

Extremely poor financial results i.e. -2.70, -2.38, -4.55, -5.08 and -4.49 are revealed by Exide Industries Ltd. during 1991-92 to 1995-96.

The computed return on capital employed as depicted in Appendix 5.1-5.5 was -0.55, -0.78, -1.09, -0.96 and -0.64 during the five years under study. Likewise, NP/TA also remained under pressure during this period. The cash flow ratio of the company varied between -1.46 and -0.78 during the period under study. ETOE remained negligible between -1.05 and -0.74 during this period. It is further observed that DTOR was -0.19, -0.35, -0.31, -0.28 and -0.29 during 1991-92 to 1995-96. It implies that recovery from sundry debtors were not satisfactory. Our analysis further revealed that earning per share displayed inverse position of the company. It ranges between -0.28 and -0.60 during this period. It may be due to increase in debt i.e. fixed charge. It implies that both short-term and long-term solvency and profitability of the company was not satisfactory.

Financial analysis of Finolex Cables Ltd. reveals excellent financial performance i.e. 2.37, 10.33 and 3.77 during the initial three years and since then it starts deteriorating and reduced to -3.46 and -1.99 during the last two years under study.

After analysing various explanatory variables, it is observed that excellent performance achieved by the company in the first three years was due to substantial growth in profitability. The computed return on capital employed as mentioned in Appendix 5.1-5.3 was 0.59, 1.62 and 0.74 during
1991-92 to 1993-94. However, as mentioned in Appendix 5.4-5.5 ROCE reduced to -0.72 and -0.74 during the penultimate and concluding year study. Consequently, the overall financial performance of company also deteriorated during this period.

Financial analysis of Otis Elevator Ltd. depicted extremely poor position during the entire period under study. The financial results of the company were -14.06, -14.31, -14.50, -8.20 and -4.98 during this period.

Company's deteriorating performance was due to inverse liquidity, low turnover, paucity of profits and inefficient management. Current ratio of the company remained negligible i.e. -1.41 to -0.79 during the period. NS/TA ranges between -1.88 to -1.26. Cash flow ratio improved marginally from -1.27 in 1991-92 to -0.44 in 1995-96. It has further been observed from Appendix 5.1-5.3 that the computed return on capital employed were -1.40, -1.13 and -1.23 during 1991-92 to 1993-94. It improved marginally to 0.17 and 0.57 respectively during 1994-95 and 1995-96 as per Appendix 5.4-5.5. Likewise, dividend to equity fluctuated similarly during the entire period under study. Our analyses further reveals that DTOR of the company remained between -0.84 to -0.52. It implies that recovery from sundry debtors was very poor. Asset turnover ratio of the company ranges between -2.01 to -1.44, which reveals ineffective management of assets. However, PER which speaks about market price per share to earning per share depicted positive financial results i.e. 1.80, 0.11, 0.92, 0.83 and 2.20 respectively during the five years under study.

Tata Unisys Ltd. reveals excellent financial performance during the entire period under study. The working results
of the company were 5.86, 3.61, 5.82, 3.57 and 4.84 respectively during 1991-92 to 1995-96.

Financial analysis of the data reveals that despite low turnover, company managed to earn sufficient profits. Gross profit ratio as depicted in Appendix 5.1-5.5 was 0.91, 0.93, 0.50, 0.48 and 0.44 during 1991-92 to 1995-96. The remaining variables forming part of profitability ratios also fluctuated similarly and found to be positive during the entire period under study. It is also noticed that cash flow ratio and earning to equity also reflected positive results throughout the entire period under study. CFR remained between 1.39 to 0.87 and ETOE varied between 1.09 to 0.67 during this period. It is further observed that liquidity ratios also remained positive through entire period. However turnover ratios displayed inverse position during this period. Earning per share, which helps in determining market price of equity shares of the company improved significantly to 0.13, 0.27 and 0.23 as per Appendix 5.3-5.5 during the last three years under study in comparison to -0.10 and -0.03 in initial two years as per Appendix 5.1-5.2. Our analysis further reveals that this improvement is due to decrease in debt i.e. fixed charge. It is thus evident that both short-term and long-term solvency and profitability of the company is improving.


The computed return on capital employed which was 0.27, 2.46, 1.52 from 1991-92 to 1993-94 as per Appendix 5.1-5.3 reduced to -0.57 and -1.14 in last two years as depicted in Appendix 5.4-5.5. Likewise, cash flow ratio, earning to
equity and dividend to equity varied similarly and displayed positive results during the first three years. However, these variables declined substantially during the last two years under study. It is further noticed that DTOR improved from 0.64 in 1991-92 to 0.87 in 1992-93. It means that better realisation of revenue from sundry debtors during this period attributed to excellent financial performance. Our analysis further reveals that asset turnover ratio which was 0.11, 1.80 and 0.43 respectively during the first three years decreased to -0.59 and -0.61 during the last two years. It implies that company was not able to manage its assets as effectively in the last two years as in the first three years under study. As a result of which, the overall working results of the company declined during last two years under study.

Atlas Copco (INDIA) Ltd. showed fluctuating trends in financial performance during 1991-92 to 1995-96. The working results of the company were -10.72, -6.80, 5.77, 4.72 and 1.32 respectively during this period. During 1991-92 and 1992-93 company’s current ratio which disclosed inverse results i.e. -0.60, -0.31 as per Appendix 5.1-5.2 improved to 1.69 in 1993-94. As per Appendix 5.4-5.5 it again declined to 0.31 and 0.38 during 1994.95 and 1995-96. Likewise, acid-test ratio of the company also fluctuated similarly during this period. Net profit ratio of the company improved from -1.00 and -1.01 in the first two years to 0.04 and 0.68 in the third and fourth year. However, it again declined to -0.35 in the fifth year under study. It is further noticed that cash flow ratio displayed poor performance of the company in the first two years. It improved in the third and fourth year and again declined in the concluding year under study.
Financial performance of **BAJAJ AUTO LTD.** was -1.53 in 1991-92 and since then it improved to 0.44, 9.46, 8.97 and 10.01 respectively in the ensuing four years under study.

Company’s acid-test ratio, which was -0.42 in 1991-92 as per **Appendix 5.1** displayed marked improvement and revealed working results 0.09, 0.59, 0.63 and 1.05 during 1992-93 to 1995-96 in **Appendix 5.2-5.5**. Net profit ratio improved from -0.68 in 1991-92 to -0.38, 0.42, 1.54 and 1.62 during 1992-93 to 1995-96. It has further been observed that earning to equity which was -0.97 in 1991-92 improved to -0.40, 1.03, 0.97 and 0.99 respectively in the ensuing four years under study. Our analysis further reveals that during 1991-92, sales volume declined by 6% due to inflation, sharp increase in petrol prices, transporter’s strike and intermitted labour problems. As a result of which, overall working results revealed deteriorating position of the company during this year. However, company was able to perform its operations better in the remaining period under study.

### 5.2 Performance Evaluation of Chemical & Pharmaceuticals Industries:

In this section an attempt has been made to compute the weighted composite scores of financial ratios of Chemical and Pharmaceuticals Industries for the years 1991-92 to 1995-96. Industry’s norms and standards for these selected years have been calculated with the help of statistical technique of normal distribution. The weighted composite scores and Industry’s norms are depicted in **Appendix 5.6-5.10**. A Composite Financial Performance Index of weighted scores and industry’s norms has been prepared in **Table 5.2** to depict the financial performance of this industrial sector for the entire period under study.
Table 5.2
Chemical and Pharmaceuticals Industries
Composite financial Performance Index 1991-92 to 1995-96

<table>
<thead>
<tr>
<th>S N</th>
<th>Name of the Company</th>
<th>91-92</th>
<th>92-93</th>
<th>93-94</th>
<th>94-95</th>
<th>96-97</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Atul Products Ltd (APL)</td>
<td>-6.81</td>
<td>-4.57</td>
<td>-4.81</td>
<td>-6.15</td>
<td>-7.34</td>
</tr>
<tr>
<td>2.</td>
<td>Borax Morarji Ltd (BML)</td>
<td>-7.84</td>
<td>0.84</td>
<td>4.57</td>
<td>6.28</td>
<td>-2.59</td>
</tr>
<tr>
<td>3.</td>
<td>Cipla Ltd (CPL)</td>
<td>-2.01</td>
<td>3.04</td>
<td>1.27</td>
<td>4.55</td>
<td>-0.29</td>
</tr>
<tr>
<td>4.</td>
<td>Citurgia Biochemicals Ltd (CBL)</td>
<td>0.00</td>
<td>-0.03</td>
<td>-3.77</td>
<td>-7.17</td>
<td>-4.17</td>
</tr>
<tr>
<td>5.</td>
<td>Colour chemicals Ltd (CCL)</td>
<td>8.80</td>
<td>1.23</td>
<td>4.78</td>
<td>3.05</td>
<td>6.06</td>
</tr>
<tr>
<td>6.</td>
<td>Duphar- Interfran Ltd (DIL)</td>
<td>1.96</td>
<td>-3.79</td>
<td>-5.54</td>
<td>-4.01</td>
<td>18.42</td>
</tr>
<tr>
<td>7.</td>
<td>E.I.D. Parry (India) Ltd (EPL)</td>
<td>-9.73</td>
<td>-3.84</td>
<td>-0.80</td>
<td>-6.72</td>
<td>-6.15</td>
</tr>
<tr>
<td>8.</td>
<td>Ficom Organics Ltd (FOL)</td>
<td>6.60</td>
<td>-1.96</td>
<td>-5.40</td>
<td>-6.10</td>
<td>-10.07</td>
</tr>
<tr>
<td>10.</td>
<td>Hoechst Marion Roussel Ltd (HMRL)</td>
<td>-1.59</td>
<td>-7.16</td>
<td>-6.10</td>
<td>-3.74</td>
<td>-1.37</td>
</tr>
<tr>
<td>11.</td>
<td>National Organic chemical Industry Ltd (NOL)</td>
<td>-7.64</td>
<td>4.26</td>
<td>1.86</td>
<td>1.79</td>
<td>-2.42</td>
</tr>
<tr>
<td>12.</td>
<td>Parke – Davis (India) Ltd (PDL)</td>
<td>-0.32</td>
<td>10.82</td>
<td>11.73</td>
<td>12.66</td>
<td>8.17</td>
</tr>
<tr>
<td>13.</td>
<td>Pfizer Ltd (PFL)</td>
<td>1.80</td>
<td>-1.77</td>
<td>3.28</td>
<td>1.11</td>
<td>2.61</td>
</tr>
<tr>
<td>14.</td>
<td>Ranbaxy Laboratories Ltd (RLL)</td>
<td>-1.29</td>
<td>1.35</td>
<td>3.70</td>
<td>0.00</td>
<td>-2.17</td>
</tr>
<tr>
<td>15.</td>
<td>Rhone – Poulenc (India) Ltd (RRL)</td>
<td>-5.53</td>
<td>-7.74</td>
<td>-11.81</td>
<td>-10.50</td>
<td>0.49</td>
</tr>
<tr>
<td>16.</td>
<td>United Phosphorus Ltd (UPL)</td>
<td>12.38</td>
<td>7.00</td>
<td>0.72</td>
<td>-4.59</td>
<td>-4.77</td>
</tr>
<tr>
<td>17.</td>
<td>Astra- IDL ltd (AIL)</td>
<td>-0.94</td>
<td>4.35</td>
<td>6.52</td>
<td>10.56</td>
<td>5.74</td>
</tr>
<tr>
<td>18.</td>
<td>Basf India Ltd (BIL)</td>
<td>-3.25</td>
<td>0.50</td>
<td>-0.41</td>
<td>-1.78</td>
<td>-3.35</td>
</tr>
<tr>
<td>19.</td>
<td>DEW Ltd (DCW)</td>
<td>-4.32</td>
<td>-8.44</td>
<td>-5.32</td>
<td>-7.76</td>
<td>-6.75</td>
</tr>
<tr>
<td>20.</td>
<td>Dr. Raddy’s Laboratories Ltd (DRL)</td>
<td>-1.11</td>
<td>10.91</td>
<td>13.90</td>
<td>8.99</td>
<td>2.63</td>
</tr>
<tr>
<td>21.</td>
<td>German Remedies Ltd (GRL)</td>
<td>-5.63</td>
<td>-4.69</td>
<td>-0.21</td>
<td>5.08</td>
<td>-0.92</td>
</tr>
<tr>
<td>22.</td>
<td>Gujrat State Fertilizers company Ltd (GSF)</td>
<td>5.44</td>
<td>-8.29</td>
<td>-12.12</td>
<td>-6.28</td>
<td>-5.00</td>
</tr>
<tr>
<td>23.</td>
<td>Hindustan Lever Ltd (HLL)</td>
<td>-2.27</td>
<td>11.01</td>
<td>11.86</td>
<td>13.55</td>
<td>22.10</td>
</tr>
<tr>
<td>24.</td>
<td>Alembic Chemical Works Co. Ltd (ACW)</td>
<td>1.43</td>
<td>5.00</td>
<td>5.60</td>
<td>7.69</td>
<td>-3.17</td>
</tr>
<tr>
<td>25.</td>
<td>Bayer India Ltd (BYL)</td>
<td>9.32</td>
<td>2.76</td>
<td>1.49</td>
<td>-4.04</td>
<td>2.15</td>
</tr>
<tr>
<td>26.</td>
<td>Normative standard (NS)</td>
<td>(2.08)</td>
<td>(2.02)</td>
<td>(2.09)</td>
<td>(2.04)</td>
<td>(2.25)</td>
</tr>
</tbody>
</table>

The above data has been extracted from appendix 5.6-5.10
Extremely poor financial performance of Atul Products Ltd. is revealed during the entire period under study. It ranges between -4.81 to -7.34 during this period.

It is observed from Appendix 5.6-5.10 that NS/TA remained at -0.49, -0.65, -0.69, -0.78 and -0.84 during the five years under study. Sales turnover was low due to closure of several chemical manufacturing units pursuant to court orders for violation of pollution control norms. Declining demand of products on account of sluggish market conditions also attributed to low sales turnover. The explanatory variable NP/TA depicted financial results -0.41, -0.66, -0.43, -0.54 and -0.76 respectively during 1991-92 to 1995-96. Our analysis reveals that profits were affected mainly due to increased cost of fuel, interest and electricity charges. CFR also remained negligible between -1.01 to -0.37 during the period under study. Likewise, ETOE, DTOE, EPS, DPS and all the variables forming part of turnover ratios displayed inverse position during 1991-92 to 1995-96. Consequently, the overall working results revealed deteriorating financial performance during this period.

Fluctuating trends are revealed in financial results of Borax Morarji Ltd. during the period under study. It was -7.84 in 1991-92. It improved to 0.84, 4.57 and 6.28 respectively from 1992-93 to 1994-95. However, it again declined to -2.59 in 1995-96.

During 1991-92, profit margins were adversely affected on account of increase in cost of production. Sales turnover was also low during this period. During 1992-93, turnover increased by 49% on an annualised basis. During 1993-94, the increasing trends continued and registered a hike of 42% over the previous year. During 1994-95, profits were higher
by 161% as compared to previous year. The improved performance was attributed to improvement in the working of company as well as reduction in custom duty from 85% to 65%. During 1995-96, turnover declined by 5%. Our analysis further reveals that ATOR of the company which was -0.79 in 1991-92 as per Appendix 5.6 improved to 0.47, 1.44 and 1.05 respectively during 1992-93 to 1994-95. However, it again declined to -0.01 during 1995-96. As a result of these factors, the overall financial performance which improved from 1992-93 to 1994-95 declined in the concluding year under study.

Financial results of Cipla Ltd. indicate fluctuating trends. It was -2.01 in 1991-92 and since then it improved to 3.04, 1.27 and 4.55 respectively from 1992-93 to 1994-95. However, it again declined to -0.29 in 1995-96.

The gross profit ratio of the company which was -0.24 in 1991-92 improved to 0.08, 0.09 and 0.59 respectively from 1992-93 to 1994-95 as revealed by Appendix 5.7-5.9. It declined marginally to 0.41 in 1995-96. Similarly, debtor turnover ratio improved from 0.01 in 1991-92 to 0.54, 0.99 and 2.12 in the ensuing three years. However, it again declined to 1.56 during the concluding year under study. On account of these fluctuations, the overall financial performance of the company which improved from 1992-93 to 1994-95 again declined during the last year under study.

Deteriorating financial performance of Citurgia Biochemicals Ltd. is revealed during the entire period study. The financial results were 0.00, -0.03, -3.77, -7.17 and -4.17 during this period.
Financial analysis of explanatory variables reveals that NP/TA was -0.41, -0.06, -0.43, -0.97 and -0.54 respectively during 1991-92 to 1995-96. The main reasons for low profitability were hike in the price of molasses coupled with competition from low priced imported citric acid. Profitability was also severely eroded by the dumping of large quantities of abnormally low priced Chinese acid. The financial ratio NS/TA depicted results of -0.36, -0.54, -0.71, -0.53 and 0.01 during the five years under study as per Appendix 5.6-5.10. The reasons behind inadequate turnover were prevailing recessionary conditions. Asset turnover ratio remained negligible between -0.05 and -0.80 during the period under study, which implies that company was not able to manage its assets effectively. Consequently, the overall financial performance revealed deteriorating position of the company.

Excellent financial results i.e. 8.80, 1.23, 4.78, 3.05 and 6.06 are achieved by Colour Chemicals Ltd. during the period under study.

NS/TA which was 2.60 in 1991-92 as per Appendix 5.6 declined to -0.04 in 1992-93 as revealed from Appendix 5.7. However, it again improved to 0.05, 0.39 and 0.44 respectively in the ensuing three years under study. The improved performance of sales were attributed to the increased demand of organic pigments and fine chemicals. Our analysis further reveals that the computed return on capital employed which throw light on the overall performance of the company from the standpoint of profitability showed satisfactory results during the majority of period under study. Asset turnover ratio is also found to be satisfactory which reveals efficiency of the company in management of assets during the period under study.
Fluctuating trends in financial results are noticed in case of **Duphar-Interfran Ltd.** It declined from 1.96 in 1991-92 to -3.79, -5.54 and -4.01 respectively in the ensuing three years. It again increased to 18.42 in the concluding year under study showing significant improvement over the previous year.

During 1991-92, the company could achieve satisfactory results despite various adverse factors such as increase in input costs and hike in non-operating expenses affecting the profitability of the company. In the ensuing three years, turnover was affected on account of restructuring of marketing set up. Exports were also severely affected due to trade uncertainties. Profitability declined on account of rise in input costs, interest and overheads etc. During 1995-96, turnover registered an increase of 14.5% compared to previous year. Exports of the company increased significantly by 78%. Net profitability increased by 27 times compared to previous year mainly due to realisation of indirect revenue. Our analysis further reveals that current ratio which was 0.25 in 1991-92 as depicted in **Appendix 5.6** declined to -0.36, -0.49 and -0.54 respectively in the ensuing three years. However, it again improved to 0.29 in the concluding year under study. Likewise, profitability ratios, earning to equity and dividend to equity varied similarly during this period. Consequently, the overall financial performance which was deteriorated from 1992-93 to 1994-95 improved significantly during the last year under study.

Deteriorating trends in financial results of **E.I.D. Parry (India) Ltd.** are revealed during 1991-92 to 1995-96. It varied to -9.73, -3.84, -0.80, -6.72 and -6.15 during this period.
NP/TA as depicted in Appendix 5.6-5.10 remained at -1.33, -0.46, -0.24, -0.76 and -0.54 respectively during 1991-92 to 1995-96. Earning to equity varies between -1.54 to -0.19 during this period. Likewise, dividend to equity also revealed inverse position of the company. It ranges between -0.55 to -0.34 during this period.

Ficom Organics Ltd. achieved excellent working results i.e. 6.60 in 1991-92. However, since then it started deteriorating continuously and declined to -1.96, -5.40, -6.10 and -10.07 in the ensuing four years.

Financial analysis of explanatory variables reveals that NS/TA as depicted in Appendix 5.6-5.10 declined from 1.11 in 1991-92 to -0.94, -1.02, -1.14 and -0.70 respectively in ensuing four years. The computed return on capital employed which was 1.31 in 1991-92 declined to -0.07, -0.42, -0.31 and -0.57 from 1992-93 to 1995-96. Our analysis further reveals that during 1991-92 the company carried out modifications of its plants enabling it to add on few more products to the existing range of product line. In the subsequent years, company faced liquidity crunch on account of credit squeeze resorted to by the bankers resulting in high interest burden coupled with sharp escalation in production cost.

Finolex Industries Ltd. achieved excellent results i.e. 12.54 in the year 1991-92, since then it starts deteriorating. In the ensuing four years the working results achieved by the company were -10.76, -14.99, -2.88 and -7.86 respectively.

On the basis of analysis of various financial ratios, it is revealed that NS/TA which was 2.05 in 1991-92 as per
Appendix 5.6 declined to -2.12, -1.16 and -0.94 respectively in the ensuing four years. Likewise, the computed return on capital employed declined from 1.61 in 1991-92 to -0.53 in 1995-96. Further CFR, ETOE, DTOE and EPS fluctuated similarly during this period. Asset turnover ratio of the company declined from 2.07 in 1991-92 to -2.00, -2.02, -1.21 and -1.05 during 1992-93 to 1995-96. During 1994-95, the decision to change the product-mix, better capacity utilisation and strengthening of distribution network resulted in improvement of sales and profits. Hence, the overall working results improved marginally during this period. However, due to adverse liquidity and ineffective management of assets the overall working results again declined in the concluding year under study.

Deteriorating financial performance is displayed by Hoechst Marion Roussel Ltd. The working results achieved by the company during 1991-92 to 1995-96 were -1.59, -7.16, -6.10, -3.74 and -1.37 respectively.

NS/P&M as revealed by Appendix 5.6-5.10 was -0.34, -0.36, -0.31, -0.27 and -0.18 respectively during the five years under study. The computed return on capital employed was negligible i.e. -0.50, -0.91, -0.62, -0.54 and -0.40 during this period. It is further noticed that earning per share also disclosed inverse position and ranges between -0.14 to -0.50 during 1991-92 and 1995-96, which may be due increase in debt i.e. fixed charge. It means that both short-term and long-term solvency and profitability of the company was not satisfactory. Our analysis further reveals that explanatory variable DPS and DYR also depicted inverse position of the company. In addition to this, asset turnover ratio declined from 0.19 in 1991-92 to -0.09 in 1995-96. It is noticed that the decline in turnover of the company was due to
substantial fall in exports. Overall profitability was affected due to increase cost of raw material, adverse exchange rate, increased interest costs and increased payments made under voluntary retirement scheme.

Financial results of National Organic Chemical Industry Ltd. revealed fluctuating trends during the year 1991-92 to 1995-96. It was -7.64 in the year 1991-92. It improved significantly in 1992-93 and 1993-94 yielding values of financial results 4.26 and 1.86 respectively. However, it again declined to -1.79 and -2.42 respectively in the penultimate and concluding year under study. The main findings regarding company’s extremely poor position in the initial year turned out to be inadequate sales turnover, insufficient profits and inverse liquidity. Company could not declare dividends to its share holders. As a result of flow of funds in 1992-93, liquidity position of the company improved. At the same time, DPS improved from -0.48 in 1991-92 as per Appendix 5.6 to 2.40 and 2.80 in ensuing two years as revealed by Appendix 5.7-5.8. However, liquidity position of the company again deteriorated in the year 1994-95. DPS also declined simultaneously to -0.02 and -0.26 during 1994-95 and 1995-96 as depicted in Appendix 5.9-5.10. Resultantly, financial performance of the company declined in penultimate and concluding year under study.

Financial results of Parke-Davis (India) Ltd. improved from -0.32 in 1991-92 to 10.82, 11.73, 12.66 and 8.17 respectively in the ensuing four years.

Financial analysis regarding company's below average financial position in the year 1991-92 indicates that it was due to inadequate sales volume, inverse liquidity and ineffective management of assets. Appendix 5.6 indicates
that NS/TA was -0.91, CR was -0.61, DTOR, ATOR and WCTR were -0.04, -1.02 and -0.12 respectively in 1991-92. In the ensuing three years, sales volume increased by 22%, 7% and 10% respectively on an annualised basis over the previous years. Profit margins also increased correspondingly by 97%, 7% and 37% during this period. The overall working results improved from -0.32 in 1991-92 to 10.82, 11.73 and 12.66 during this period. In 1995-96, profit margins declined by 22% due to hike in cost of inputs and increased interest burden etc. As a result of which, the overall working results also declined from 12.66 to 8.17 during this year.

The analysis of gross profit ratio and net profit ratio of Parke Devis (India) Ltd. reveals that whereas gross profit ratio reflected positive trends, net profit ratio indicated negative trends in the majority of period under study. It may be due to charging of inordinate non-operating expenses to profit and loss account.

Fluctuating trends in financial results are noticed in case of Pfizer Ltd. The working results were 1.80, -1.77, 3.28, 1.11 and 2.61 during the period under study.

Financial analysis of company's moderate financial position in the initial 1991-92 was due to earning of sufficient profits. However liquidity and turnover ratios revealed inverse position of the company. It is further noticed that sales and exports improved by 16% and 38% respectively over the previous year. During 1992-93, the overall operations were affected on account of large increase in input costs, adjustment of the exchange ratio inflation and high financing charges etc. Consequently, the overall working results declined from 1.80 to -1.77 during this year. During 1993-94, turnover and profits registered growth of 25% and 202% respectively on annualised basis. It resulted into
improvement in working results from -1.77 to 3.28. During 1994-95, despite increase in turnover by 12% profit margins remained under pressure and declined by 23% due to hike in input costs and other operating expenses. Resultantly, the overall working results decreased from 3.28 to 1.11 during this period. In 1995-96, turnover and profits increased by 6% and 32% respectively and the overall performance at 2.61 is reported to be satisfactory.

Financial performance of Ranbaxy Laboratories Ltd. displayed fluctuating trends in its working results. It was -1.29 in 1991-92. It improved to 1.35 and 3.70 in ensuing two years, since then it starts deteriorating and declined to 0.00 and -2.17 respectively during penultimate and concluding years under study.

Financial analysis of various explanatory variables reveals that the main reasons for deteriorating working results of the company in 1991-92 were inverse liquidity and eroded profitability. Appendix 5.6 reveals that current ratio was -1.16 and the computed return on capital employed was also negligible i.e. 0.04 during his year. In the ensuing two years turnover registered an increase of 36% and 29% respectively on the annualised figures of previous year. Profit margins also grew correspondingly representing an increase of 117% and 80% respectively on an annualised basis during this period. It is also observed from Appendix 5.7-5.8 that the computed return on capital employed improved to 0.28 and 0.26 respectively in these two years. Consequently, the overall working results improved significantly during this period. However, as a result of further increase in equity capital the computed return on capital employed declined to -0.67 and -0.53 respectively in the penultimate
and concluding year under study. It resulted into decline in overall working results during this period.

Financial performance of Rohne Poulenc (India) Ltd. remained extremely poor from 1991-92 to 1994-95. It varied between -5.53 to -10.50 during this period. However, it grew to 0.49 in 1995-96 representing substantial improvement over the previous year.

After analysing various financial ratios, it is observed that deteriorating financial performance in the initial four years was due to paucity of profits and inverse liquidity position of the company. Appendix 5.5-5.9 reveals that NP/TA was -1.57, -1.06, -1.20 and -1.19 respectively during the first four years under study. EPS was -0.37, -0.34, -0.55 and -0.29 during this period. During 1995-96, the company undertook certain rationalisation measures to restructure manufacturing operations to generate inverstible resources for expanding its operations. During the year, total net sales increased by 14%. Profit margins registered substantial growth of 476% over the previous year. NP/TA and EPS as depicted in Appendix 5.10 improved to 0.11 and 0.04 respectively in 1995-96. Consequently, the overall working results improved from -10.50 to 0.49 during this year.

United Phosphorus Ltd. achieved excellent working results i.e. 12.38 and 7.00 in the initial two years. However, it declined to 0.72, -4.59 and -4.77 respectively in the ensuing three years under study.

After analysing various variables, it is observed that in 1991-92 and 1992-93 turnover went up by 84% and 61% respectively on an annualised basis. Profitability increased correspondingly by 143% and 84% during this period. As per
Appendix 5.6-5.7. Cash flow ratio were 1.26 and 2.17 and earning to equity were 1.85 and 2.43 respectively during 1991-92 and 1992-93. Likewise, EPS and DPS of the company also revealed improved performance during this period. In the ensuing three years ROCE declined to -0.62, -0.69 and -0.68 respectively. NS/TA declined to -1.25, -1.10 and -0.97 during this period. Likewise CFR, ETOE, EPS and DPS also declined during 1993-94 to 1995-96 as compared to its performance in the initial two years. Resultantly, the overall performance of the company also declined during last three years under study.

Financial results in case of Astra IDL Ltd. were below average i.e. -0.94 in the year 1991-92, since then significant improvement is noticed in the subsequent years and financial results improved to 4.35, 6.52, 10.56 and 5.74 from 1992-93 to 1995-96.

During 1991-92, despite hike in sales by 14.96%, profitability suffered set-back and declined by 46% due to increase in input costs, increase in lending rates and imposition of heavy margin money on imports. Sales volume increased by 26%, 16%, 19% and 26% respectively in ensuing four years. Profitability also improved by 37%, 49%, 97% and 15% respectively during this period. It is further observed from Appendix 5.6-5.10 that debtor turnover ratio improved from 0.01 in 1991-92 to 0.13, 0.47, 0.73 and 0.66 during 1992-93 to 1995-96. Likewise, ATOR improved from -0.65 in 1991-92 to 1.40, 1.27, 1.19 and 0.88 during 1992-93 to 1995-96. Resultantly, financial performance improved from -0.94, 1991-92 to 4.35, 6.52, 10.56 and 5.74 in subsequent four years under study.
Fluctuating trends are noticed in financial performance of Basf India Ltd. It was -3.25 in the year 1991-92 reflecting extremely poor position of the company. It improved to 0.50 in 1992-93. However, since then it started deteriorating continuously and declined to -0.41, -1.78 and -3.35 respectively during 1993-94 to 1995-96.

As revealed by Appendix 5.6 NS/TA was -0.87 in 1991-92, NS/TA was 0.06. During 1992-93 NS/TA improved to 0.08, NP/TA improved to 0.35. However, in the ensuing three years sales turnover again declined substantially. At the same time, profit margins also deteriorated during this period. Our analysis further reveals that in 1991-92 the plastics and fibre intermediates business registered only a marginal increase in turnover and profits because of import restrictions leading to non-availability of raw material. The thermocol plant which incurred losses for several years due to competition from small scale sector was closed down during the year. During 1992-93, turnover improved by 16%. The plastics and fibre intermediates and leather chemical business rendered significant increases in sales and profits. Consequently, overall working results improved from -3.25 to 0.50 during this year. During 1993-94 to 1995-96, profit margins remained under pressure. The low profits were due to higher interest charges associated with increased capital expenditure for modernisation.


NP/TA as revealed by Appendix 5.6-5.10 was -0.64, -0.46, -0.62, -0.76 and -0.54 during 1991-92 to 1995-96. Likewise, NS/TA depicted financial results of -0.14, -0.99, -0.63,
-0.57 and -0.41 during this period. CFR, ETOE, DTOE, EPS and PER all displayed inverse position. ATOR varied between -0.09 to -1.03 during this period. It is thus clear that extremely deteriorating financial position of company was due to inadequate sales volume, eroded profitability and liquidity. It also reflects inability of management to manage its assets both fixed and fluctuating effectively. The production and turnover was affected due to strike by workers and frequent stoppage of production due to implementation of modernisation programme. Its profitability was affected by hike in the international price of vinyl chloride monomer coupled with devaluation of rupee vis-à-vis U.S. dollar.

The financial position of Dr. Raddy's Laboratories Ltd. was below average i.e. -1.11 in the initial year. It improved significantly to 10.91 and 13.90 respectively in the ensuing two years. However, it again declined to 2.63 in the year 1995-96.

Financial analysis of company's below average financial position in the year 1991-92 reveals that it was due to eroded profitability and ineffective management of assets. ROCE as depicted in Appendix 5.6 was -0.79 in 1991-92, ATOR was -1.22 during this year. Cash flow ratio and earning to equity with financial results of -0.88 and -0.96 respectively reflected inverse position of the company. During 1992-93 and 1993-94, ROCE improved to 2.64 and 2.54 respectively as per Appendix 5.7-5.8. ATOR improved to 0.54 and 0.35 respectively during this period. Likewise, cash flow ratio and earning to equity also improved significantly. As a consequent of which, the overall working results improved correspondingly to 10.91 and 13.90 during these years. However, company was not able to manage
its operations with same amount of effectiveness in the penultimate and concluding year under study. It is noticed that some explanatory variables showed declining trends during this period and overall financial performance of the company declined marginally as compared to previous years.

Fluctuating trends in financial results of German Remedies Ltd. are noticed during 1991-92 to 1995-96. The financial results varied to -5.63, -4.69, -0.21, 5.08 and -0.92 during this period.

The main reasons for poor performance of the company in the first two years were paucity of profits, insufficient turnover, adverse liquidity position and inefficient management of assets. As revealed by Appendix 5.6-5.7 NP/TA was -1.33 and -1.06 during 1991-92 and 1992-93. NS/TA was -1.28 and 0.10 during this period. Current ratio revealed financial results of -1.45 and 0.00. ATOR were -1.49 and -0.15. Our analysis reveals that profits were lower due to falling value of rupee, steep hike in interest rates and higher depreciation. The price increases granted by the Government for products under price control were not adequate to off-set increase in cost of inputs and also due to interest on borrowings and depreciation etc., profits remained under pressure. In 1994-95, turnover improved by 12% and 14% respectively. Profits also registered substantial growth of 963% and 59% respectively during this period. Resultantly, the overall working results improved form -5.63 in 1991-92 to 5.08 in 1994-95. During 1995-96, non-availability of stock affected the performance of the company adversely. Exports reported to have been suffered mainly because of changed import conditions in one of main export markets, which for certain time affected the sales. Profit margins declined by 10% mainly due to increased cost
of inputs and other operating expenditure. On account of these adverse factors, the overall working results declined from 5.08 in 1994-95 to -0.92 in 1995-96.

Financial results in case of Gujrat State Fertilizer’s Company Ltd. reflected excellent performance of the company in the initial year and since then it starts deteriorating upto 1993-94 with minor in the last two years. It varied to 5.44, -8.29, -12.12, -6.28 and 5.00 during the five years under study.

Financial analysis of various financial variables reveals that excellent financial performance in the year 1991-92 was due to realisation of sufficient profit margins and better liquidity position of the company. As depicted in Appendix 5.6 NPR was 0.87 in 1991-92, cash flow ratio and earning to equity were 0.91 and 0.69 respectively during this year. During 1992-93 and 1993-94, despite hike in gross profits, the net profits declined by 14% and 35% respectively mainly due to higher interest burden. CFR declined to -0.17 and -0.91 as per Appendix 5.7-5.8. ETOE reduced to -0.47 and -1.15 respectively during these two years. As a consequent upon which, the overall working results declined from 5.44 in 1991-92 to -8.29 and -12.12 respectively during this period. During 1994-95 and 1995-96, turnover increased by 36.5% and 16% respectively. Profit margins also registered corresponding growth of 187% and 80% respectively. It is further noticed that company’s CFR and ETOE position also improved during these years. Consequently, the overall working results reported to have been improved marginally during this period as compared to earlier two years. However, financial performance still disclosed inverse position of the company and needs further improvement.
Hindustan Lever Ltd. revealed extremely poor financial results i.e. -2.27 in the initial year. However, since then significant improvement is noticed in subsequent years and financial results increased to 11.01, 11.86, 13.55 and 22.10 respectively during 1992-93 and 1995-96.

Company’s extremely poor financial performance in the year 1991-92 was due to inadequate sale, volume, paucity of profits and ineffective management of assets. As revealed by Appendix 5.6 NS/TA was -1.22 during 1991-92. The computed return on capital employed which through light on the overall performance of the company from the standpoint of profitability was also negligible i.e. -1.23 during this year. ATOR of the company was -0.63 during this year. Appendix 5.7-5.10 indicates that in the ensuing four years, NS/TA improved to 1.66, 0.93, 1.67 and 2.26 respectively. ROCE improved to 1.79, 1.67, 2.34 and 1.42 during this period. At the same time, asset turnover ratio went up to 1.45, 1.44, 1.54 and 2.89 during 1992-93 to 1995-96, which implies that management was able to manage its assets more effectively during this period. Consequently, the overall working results improved to 11.01, 11.86, 13.55 and 22.10 respectively during this period.

The working results of Alembic Chemicals Works Ltd. improved from moderate performance i.e. 1.43 in 1991-92 to 5.00, 5.60 and 7.69 respectively in the subsequent three years. However, working results of the company again declined to -3.17 in the concluding year under study.

Financial analysis of various explanatory variables reveals that in 1991-92 despite achieving satisfactory turnover, the margins were eroded due to increase in prices of certain raw materials and rise in power costs and administrative
expenses. Thereupon, by concentrating upon its research and development activities, the company developed ‘Roxithromycin’ a never generation bulk drug. Consequently, turnover registered a marked increased and improved by 25%, 15% and 14%. ROCE increased from 0.12 in 1991-92 to 0.84 in 1994-95. Resultantly, the overall working results improved from 1.43 to 7.69 during this period. The improved performance was attributed to introduction of new products, improvement in product-mix, improved technical process leading to reduced product costs and increased productivity at all levels. However, during 1995-96, production was affected due to intermittent power failure on a number of times. Profits margins reduced by 9% mainly due to heavy interest burden and depreciation. At the same time, the computed return on capital employed declined from 0.84 to -0.22 during the year. As a result of these adverse factors, the overall working results declined from 7.69 to -3.17 during this period.

Financial results of Bayer India Ltd. revealed fluctuating trends. It was maximum i.e. 9.32 in 1991-92 and since then it starts deteriorating continuously to 2.76, 1.49 and -4.04 in the ensuing three years. It improved to 2.15 in the concluding year under study.

During 1991-92, turnover and exports registered growth of 22% and 49% respectively over the previous year. This was attributed to improved performance at the agrochemicals division followed by rubber chemicals and health care units. The computed return on capital employed at 1.26 also reflected excellent performance by the company from the standpoint of profitability. During 1992-93, exports declined by 17%, profit margins eroded drastically from 1991-92 to 1994-95 by 89%. At the same time, the computed
return on capital employed declined from 1.26 to 0.33, -0.16 and -0.95 respectively during this period. The working results of the company also decreased from 9.32 in the year 1991-92 to -4.04 in the year 1994-95. In 1995-96, significant improvement in profit margins by 541% is noticed. The computed return on capital employed also improved from -0.95 to 0.04 during this year. Resultantly, financial performance of the company improved from -4.04 to 2.15 in this year.

5.3 Performance Evaluation of Textiles Industries:
The weighted composite scores of financial ratios have been computed for five years i.e. From 1991-92 to 1995-96 on year to year basis. These weighted scores are depicted in Appendix 5.11-5.15. statistical technique of normal distribution is applied to compute Industry’s norms and standards. A Composite Financial Performance Index of Textiles Industries is prepared in Table 5.3 to depict the financial performance and industry’s norms for the entire period under study. The performance evaluation of Textiles Industries is discussed in this section.

The financial results revealed fluctuating trends in case of Arunoday Mills Ltd., which improved slightly from -3.43 in 1991-92 to -1.62 in 1992-93. However, during 1993-94 it again decreased to -4.88. The overall working was reported to be 0.30 during 1994-95. However, it again declined to -3.96 in the concluding year under study.

During 1991-92, NS/ND was -0.12 as per Appendix 5.11. NP/TA was -0.29. Likewise, CFR and ETOE also reflected inverse working results i.e. -0.31 and -0.37 during this year. ATOR was -0.14 revealing adverse position of the company. During 1992-93, turnover increased by 14% over the annualised
Table 5.3
Textiles Industries

<table>
<thead>
<tr>
<th>S N</th>
<th>Name of the Company</th>
<th>91-92</th>
<th>92-93</th>
<th>93-94</th>
<th>94-95</th>
<th>95-96</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Arunoday Mills Ltd (AML)</td>
<td>-3.43</td>
<td>-1.62</td>
<td>-4.88</td>
<td>0.30</td>
<td>-3.96</td>
</tr>
<tr>
<td>2.</td>
<td>Dawn Mills Co. Ltd. (DML)</td>
<td>-7.19</td>
<td>-6.15</td>
<td>-2.24</td>
<td>-1.86</td>
<td>-0.06</td>
</tr>
<tr>
<td>5.</td>
<td>Malwa Cotton Spg. Mills Ltd (MCM)</td>
<td>-0.05</td>
<td>-0.16</td>
<td>-1.79</td>
<td>-0.47</td>
<td>0.49</td>
</tr>
<tr>
<td>6.</td>
<td>Nahar Spg. Mills Ltd (NSM)</td>
<td>4.41</td>
<td>-2.08</td>
<td>5.54</td>
<td>-5.96</td>
<td>-2.45</td>
</tr>
<tr>
<td>7.</td>
<td>Suryalata Spg. Mills Ltd. (SSM)</td>
<td>1.86</td>
<td>2.70</td>
<td>-0.52</td>
<td>2.37</td>
<td>2.89</td>
</tr>
<tr>
<td>8.</td>
<td>Suryavanshi Spg. Mills Ltd. (SML)</td>
<td>-4.53</td>
<td>-1.57</td>
<td>-1.23</td>
<td>0.04</td>
<td>-1.65</td>
</tr>
<tr>
<td>9.</td>
<td>Himachal Fibres Ltd (HFL)</td>
<td>-0.41</td>
<td>2.86</td>
<td>1.50</td>
<td>4.10</td>
<td>0.01</td>
</tr>
<tr>
<td>10.</td>
<td>Modren Threads (India) Ltd (MTL)</td>
<td>-6.09</td>
<td>-3.64</td>
<td>-1.03</td>
<td>-2.21</td>
<td>-3.21</td>
</tr>
<tr>
<td>11.</td>
<td>PSM Spinning Ltd (PSL)</td>
<td>-3.10</td>
<td>-0.75</td>
<td>5.90</td>
<td>6.50</td>
<td>3.68</td>
</tr>
<tr>
<td>12.</td>
<td>Arvind Mills Ltd (ARM)</td>
<td>-3.66</td>
<td>-3.50</td>
<td>-6.27</td>
<td>-5.84</td>
<td>-3.06</td>
</tr>
<tr>
<td>13.</td>
<td>Bombay Dyeing and Mfg. Co. Ltd (BDM)</td>
<td>1.39</td>
<td>-3.21</td>
<td>-7.83</td>
<td>0.54</td>
<td>-0.01</td>
</tr>
<tr>
<td>14.</td>
<td>Century Textiles and Indus. Ltd. (CTI)</td>
<td>4.61</td>
<td>6.50</td>
<td>6.50</td>
<td>5.70</td>
<td>6.83</td>
</tr>
<tr>
<td>15.</td>
<td>BSL Ltd. (BSL)</td>
<td>2.08</td>
<td>8.78</td>
<td>11.76</td>
<td>7.29</td>
<td>0.29</td>
</tr>
<tr>
<td>16.</td>
<td>Grasim Industry Ltd. (GSM)</td>
<td>2.02</td>
<td>-2.14</td>
<td>-2.60</td>
<td>-1.52</td>
<td>-0.34</td>
</tr>
<tr>
<td>18.</td>
<td>Raymond Ltd (RML)</td>
<td>-1.66</td>
<td>-4.10</td>
<td>-2.46</td>
<td>-3.31</td>
<td>-2.54</td>
</tr>
<tr>
<td>19.</td>
<td>Reliance Industries Ltd (RIL)</td>
<td>-3.68</td>
<td>-5.12</td>
<td>-4.36</td>
<td>-2.21</td>
<td>-0.91</td>
</tr>
<tr>
<td>20.</td>
<td>Birla Jute and Indus. Ltd. (BJL)</td>
<td>1.48</td>
<td>-4.91</td>
<td>-3.58</td>
<td>1.01</td>
<td>4.04</td>
</tr>
<tr>
<td>21.</td>
<td>JCT Ltd (JCT)</td>
<td>-8.66</td>
<td>-8.46</td>
<td>-8.40</td>
<td>-5.71</td>
<td>-12.52</td>
</tr>
<tr>
<td>23.</td>
<td>Rajasthan Spg. &amp; Wvg. Mills Ltd (RSM)</td>
<td>-3.29</td>
<td>3.72</td>
<td>9.18</td>
<td>-2.60</td>
<td>-5.08</td>
</tr>
<tr>
<td>24.</td>
<td>Ruby Mills Ltd (RMC)</td>
<td>7.91</td>
<td>-2.75</td>
<td>-0.73</td>
<td>-7.69</td>
<td>-6.67</td>
</tr>
<tr>
<td>25.</td>
<td>Sintex Industries Ltd (SIL)</td>
<td>-4.49</td>
<td>-3.37</td>
<td>-4.75</td>
<td>-3.09</td>
<td>0.20</td>
</tr>
</tbody>
</table>

Normative Standard (NS)
   (1.90)  (2.13)  (2.11)  (2.16)  (2.11)

The above data has been extracted from appendix 5.11-5.15
figures of previous year. CFR and ETOE improved to 0.01 and 0.09 respectively as per Appendix 5.1. Likewise, ATOR of the company also rose to 0.03 during 1992-93. Consequently, overall working resulted in improved profits in this year. During 1993-94, production and sales registered increase of 14% and 25% respectively. But return on capital employed declined substantially due to further increase of equity capital. Hence, financial performance declined considerably in this year. During 1994-95, turnover once again rose representing an increase of 33% and exports were also considerably higher as compared to previous year. Thus overall financial performance improved substantially. During 1995-96, turnover further increased by 28%. However, profitability was lower due to increased cost of inputs, wages and power. In addition, heavy interest burden resulted in substantial increase due to market resistance. Thus financial performance again reflected declining trends in 1995-96.

DAWN MILLS LTD. reflects extremely poor financial results i.e. -7.19, -6.15, -2.24, -1.86 and -0.06 during 1991-92 to 1995-96. A minor improvement is noticed during the concluding year. It improved from -7.19 in 1991-92 to -0.06 in 1995-96 representing an improvement of 99%. However, overall financial performance was still not satisfactory.

As revealed by Appendix 5.11-5.12 NPR was -0.49 and -0.77 during 1991-92 and 1992-93. NS/P&M was -0.23 and -0.20 during this period. Price-earning ratio reflected financial results of -0.48 and -0.12 respectively and debtor turnover ratio were -0.14 and -0.12 during these two years. During 1992-93, turnover increased by 11%, however profitability was lower due to hike in cost of inputs. During 1993-94, sales improved by 18.6%. The continued modernisation and the
resulting improvement in production coupled with appropriate changes in product-mix contributed towards better margins. During 1994-95, sales marginally improved by 1.85%. However, margins were squeezed due to the continued inflationary trends which increased the cost of inputs. During 1995-96, sales further increased by 25%, however margins remained under pressure owing to several constraints through which textile industry passed during the year. On the basis of above analysis, it is observed that though company was able to improve turnover after 1991-92, yet overall financial performance was reported to unsatisfactory due to several constraints through which company passed in the ensuing years.

Fluctuating trends in financial results are noticed in case of Eurotex Industry Exports Ltd. It decreased from 7.07 in 1991-92 to -1.99, -9.87 and -8.15 respectively in the ensuing three years. A minor recovery is noticed in 1995-96 reflecting financial results 1.49 in this year.

Financial analysis of explanatory variables reveals that the main reasons behind company’s excellent financial performance in the initial year under study were earning of huge profits, and better performance of capitalisation ratios. As revealed by Appendix 5.11 ROCE was 1.44 and NP/TA was 1.30 during 1991-92. Further CFR, ETOE, DTOE and price-earning ratio were 0.79, 1.58, 1.44 and 0.17 respectively during this year. During 1992-93, turnover increased marginally by 5% but the profits were squeezed owing to hike in input costs. Sales and profits increased marginally by 1% each during 1993-94. However, return on capital employed declined substantially due to further creation of capital reserves by the company and overall financial performance reflected declining trends during this period. During 1994-
95, turnover was 74% higher compared to previous year which resulted in increased profits. However, overall financial performance was still not satisfactory due to inadequate return on capital employed, paucity of working capital and ineffective management of assets. During 1995-96, turnover registered substantial increase of 66% over the annualised figures of previous year. Company was also able to liquidate its current liabilities considerably out of funds retained from previous year's profits. Resultantly, the overall financial performance of the company improved in 1995-96.

The overall financial performance in case of GSL (India) Ltd. reflected extremely poor position i.e. -4.71, 1991-92 and since then it showed significant improvement and rose to 10.35, 8.53, 10.17 and 9.98 respectively in the ensuing four years.

Company's extremely poor position in the initial year was due to inadequate profits, paucity of working capital and ineffective management of assets. Sales volume also decreased marginally by 3% 1991-92 and since then it registered an increase of 40%, 28%, 93% and 46% respectively in the ensuing four years over the annualised figures of previous years. Return on capital employed which throw light upon overall performance of the company from the standpoint of profitability also increased substantially from -0.22 in 1991-92 to 1.32, 0.86, 0.36 and 0.86 respectively in the ensuing four years as per Appendix 5.11-5.15. It is also observed that management was able to manage its assets more effectively after 1991-92. But for blockage of funds with sundry debtors it could have been still better. Cash flow ratio and earning to equity also registered substantial increase during this period. On the basis of above analysis, it is clear that improvement in overall working, results of
the company may be attributed to enhanced turnover, effective management of assets and improved return on capital employed, cash flow and earning to equity.

Financial results in case of Malwa Cotton SPG Mills Ltd. reflected declining trends from 1991-92 to 1993-94. Marginal improvement is noticed in penultimate and concluding years under study. Financial results varied to -0.05, -0.16, -1.79, -0.47 and 0.49 during the five years under study.

During 1991-92 to 1993-94, NS/TA was 0.53, 0.10, and 0.06 respectively as per Appendix 5.11-5.13. However, NPR of the company during this period was -0.12, -0.19 and -0.38 respectively. Our analysis reveals that despite growth in turnover, profit margins were inadequate due to higher cost of production. Adding to this, paucity of working capital and ineffective management of assets resulted in deteriorating financial performance during this period. The WCTR was -0.16, -0.06 and -0.09 during this period. During 1994-95 and 1995-96, profit margins were still reported to inadequate. As revealed by Appendix 5.14-5.15 NPR were -0.57 and -0.65 during this period. The overall financial performance of the company improved marginally during this period due to improvement in working capital.

Nahar SPG Mills Ltd. revealed fluctuating trends in Financial Performance during 1991-92 to 1995-96. It varies to 4.41, -2.08, 5.54, -5.96 and -2.45 during this period.

In 1991-92, excellent financial results 4.41 were achieved by the company due to earning of sufficient profits and better liquidity. As per Appendix 5.11 net profit ratio and current ratio were 1.87 and 0.47 respectively during this
year. During 1992-93, turnover declined by 23% and as a result of further issue of equity capital return on capital employed decreased substantially from 0.79 in 1991-92 to -0.40 in 1992-93 and overall financial performance declined from 4.41 to -2.08 during this year. During 1993-94, turnover and profits registered substantial growth of 118% and 129% respectively over the annualised figures of previous year, return on capital employed rose from -0.40 to 1.12 and overall working improved significantly from -2.08 to 5.54 in this year. During 1994-95, profits decreased by 54% due to increase in cost of inputs without commensurate rise in sale prices. Adding to this, was the decline in return on capital employed. Consequently, overall working results decreased substantially by 207% during this period. During 1995-96, turnover registered growth 47% which resulted in improved profitability and growth in overall working results of the company. However, overall financial performance still reported to be unsatisfactory and needs further improvement.

Financial results of Suryalata SPG Mills Ltd. improved from 1.86 in 1991-92 to 2.70 in 1992-93 registering whooping growth of 45%. It decreased substantially from 2.70 in 1992-93 to -0.52 in 1993-94. However, it again increased to 2.37 and 2.89 respectively in the penultimate and concluding years under study.

The moderate Financial Performance of the company in the year 1991-92 was due to inadequate net profits on account of increase in cost of inputs without commensurate rise in sale prices of yarn. As revealed by Appendix 5.11 NP/TA was -0.47 during this year. Asset turnover ratio was as low as -0.12. During 1992-93, turnover and profitability registered growth of 35% and 530% respectively. Returned on capital employed
rose from -0.53 to 0.23. It has also been observed that management was able to manage its assets more effectively. Resultantly, overall financial performance improved from 1.86 to 2.70 in 1992-93. During 1993-94, turnover increased by 49%, however net profits increased marginally by 9.20% due to additional interest burden on borrowed funds for expansion project. During 1994-95 and 1995-96, sales registered whooping growth of 63% and 42% over the previous year. Consequently, overall financial results improved significantly during this period.

Financial results in case of Suryavanshi SPG Mills Ltd. fluctuated to -4.53, -1.57, -1.23, 0.04 and -1.65 during the five years under study.

The main reasons for company's extremely poor financial position in the initial year was due to inadequate sale volume, eroded profitability and inefficient management of assets. Appendix 5.11 reveals that NS/P&M and NP/TA were -0.14 and -0.82 and asset turnover ratio was -0.14 during 1991-92. Turnover increased by 34%, 28% and 45% respectively from 1992-93 to 1994-95. In addition, with commensurate rise in sales prices of yarn on account of improved quality, net profits registered whooping growth of 505%, 31% and 70% during this period. Return on capital employed also improved from -1.04 in 1991-92 to 0.40, 0.47 and 0.56 respectively during this period. On the basis of these achievements, overall financial results reflected improving trends upto 1994-95. During 1995-96, turnover further increased by 28%, however, spiral in raw material prices has its impact on bottom line and the net profits declined sharply by 7%. At the same time, return on capital employed also decreased from 0.56 in 1994-95 to -0.06 in 1995-96. Hence, overall working results again declined during this year.
The overall financial performance in case of Himachal Fibres Ltd. was -0.41 in the initial year 1991-92 and since then it improved to 2.86, 1.50 and 4.10 respectively from 1992-93 to 1994-95. However, it again declined to 0.01 in the concluding year under study.

As depicted in Appendix 5.11 GPR was 0.45 and NPR was -0.09 in 1991-92. NS/ND was -0.12 and ATOR was -0.15. Thus, inadequate sales volume coupled with ineffective management of assets attributed to deteriorating financial performance i.e. -0.41 in this year. During 1992-93, turnover was substantially higher than previous year. NS/ND depicted improved working results i.e. 0.52 during this year. ATOR improved to 0.35 and return on capital employed also rose from 0.62 in 1991-92 to 1.19 in 1992-93. Resultantly, overall working results improved substantially from -0.41 in 1991-92 to 2.86 in 1992-93. Performance of company was satisfactory during 1993-94 despite an unprecedented rise in cotton prices coupled with reduced availability of good quality cotton. During 1994-95, in spite of continued rise in cotton prices and pressure on availability of good quality cotton, the performance of company was reported to be satisfactory on account of better profit margins. Exports turnover increased by 76% over the previous year. During 1995-96, the fire which broke out in June 1995 had its impact on bottom line and net profits declined sharply. Resultantly, the overall financial results decreased from 4.10 in 1994-95 to 0.01 in 1995-96.

Extremely poor and fluctuating trends in financial performance of Modern Threads (India) Ltd. are noticed during the entire period under study. It improved from -6.09 in 1991-92 to -3.64 and -1.03 respectively during 1992-93 and 1993-94. However, financial position of the company
again deteriorated to -2.21 and -3.21 in the penultimate and concluding years under study. Company’s extremely poor position in the initial year under study was due to inadequate sales volumes, insufficient profitability and liquidity. Appendix 5.11 reveals that NS/TA was -0.18, NP/TA was -0.29 and WCTR was -0.22 during this year. During 1992-93 and 1993-94, turnover increased by 45% and 30% respectively over the previous year and management was able to improve the liquidity position substantially. Consequently, overall financial performance improved from -6.09 in 1991-92 to -3.64 and -1.03 respectively in 1992-93 and 1993-94. Turnover registered growth of 157% and 128%, profits increased by 366% and 25% on an annualised basis over the previous period. However, with further issue of equity capital in 1994-95, return on capital employed declined from -0.07 in 1993-94 to -0.31 and -0.39 in the penultimate and concluding years under study. Consequently, overall working results also declined sharply during this period.

Financial Performance of PSM Spring Ltd. showed continuous improving trends from 1991-92 to 1994-95. It ranges from -3.10 to -0.75, 5.90 and 6.50 during this period. However, it decreased from 6.50 in 1994-95 to 3.68 in 1995-96.

As revealed by Appendix 5.11 NS/TA was 0.46 in 1991-92, NP/TA was -0.47 and DTOR and ATOR were -0.25, -0.15 during this period. It implies that the main reasons for extremely poor financial position of the company were poor turnover, low profits due to increased input costs and inefficient management of assets. During 1992-93, profit increased by 17.70% and overall financial performance improved from -3.10 to -0.75. During 1993-94 and 1994-95, turnover registered growth of 49% and 20% respectively on an annualised basis.
At the same time, net profits grew by 116% and 10%.
Management was also able to manage its assets more
effectively during this period. Consequently, overall
working results improved from -0.75 in 1992-93 to 5.90 and
decreased by 10% due to unfavourable market conditions. It
is also observed that management was not able manage its
liquid assets as effectively in 1995-96 as in the earlier
years. Thus, overall financial performance again
deteriorated from 6.50 in 1994-95 to 3.68 in 1995-96.

The overall Financial Performance of Arvind Mills Ltd.
remained extremely poor during the entire period under
study. It ranges between -3.06 to -6.27 during the period.

During 1991-92, the explanatory variable NS/TA depicted
inverse financial results i.e. -0.92 as per Appendix 5.11.
ROCE was -0.65. DTOR, ATOR and WCTR revealed financial
results -0.76, -0.17 and -0.93 respectively during this
year. On account of these adverse factors, the overall
financial results i.e. -3.66 displayed extremely poor
position of the company. During 1992-93, turnover improved
by 20% and profit margins grew by 106%. However, huge
investment were made by the company during the year for
modernisation of spinning, weaving and processing plants.
Resultantly, despite growth in profit margins, the computed
return on capital employed decreased by 41% and the overall
financial results in 1992-93 remained at -3.50 reflecting
inverse performance by the company. During 1993-94, NS/TA
was -1.66 as per Appendix 5.13. CFR and ETOE WERE -1.30 and
-1.03 during this year. Likewise, all the financial
variables forming part of turnover ratios revealed inverse
position of the company. ROCE declined by 45% and
consequently the overall working results revealed extremely
poor financial results i.e. -6.27 during this year. During 1994-95, low turnover coupled with inverse return on capital employed and ineffective management of assets resulted in adverse financial position of the company. During 1995-96, turnover and profit margins registered growth of 19% and 17% respectively over the previous year. Return on capital also improved by 17%. Thus the overall financial performance improved marginally from -5.84 in 1994-95 to -3.06 in 1995-96.

Fluctuating trends in financial results are noticed in case of Bombay Dyeing and Manufacturing Company Ltd. It was 1.39 in 1991-92 and decreased to -3.21 and -7.83 in the ensuing two years. A minor improvement is noticed in 1994-95 reflecting financial performance at 0.54. However, it again deteriorated to -0.01 in 1995-96.

In 1991-92, despite inadequate sales volume, company was able to earn sufficient profits mainly due to better margins. NS/P&M was -0.21 and GPR was 0.15 during this year as depicted in Appendix 5.11. In addition to this, cash flow ratio, earning to equity and price earning ratio indicated positive results i.e. 0.46, 0.53 and 0.51 during this year. Consequently, overall financial position i.e. 1.39 is reported to be satisfactory during this year. During 1992-93, profitability reduced by 17.91% due to hike in manufacturing expenses which resulted into fall in overall working results from 1.39 to -3.21. During 1993-94, both turnover and margins remained under pressure. It has also been observed that computed return on capital employed decreased by 122% during the year. Consequently, the overall working results declined to -7.83 during the year. During 1994-95, turnover and profitability registered substantial growth of 87% and 91% respectively. This
resulted into adequate flow of cash in the business and the overall working results improved to 0.54 during this year. During 1995-96, WCTR decreased to -0.22 as per Appendix 5.15 affecting the liquidity position of the company adversely. Consequently, overall performance declined from 0.54 to -0.01 during this year.

Century Textiles and Industries Ltd. achieved excellent working results during the entire period under study. It varies between 4.61 to 6.83 during the period.

From the perusal of various explanatory variables, it is revealed that company's current ratio, acid-test ratio, earning per share and dividend per share depicted positive results during the entire period under study. As revealed by Appendix 5.11-5.15. CR was 0.40, 0.39, 0.33, 0.14 and 0.29 during 1991-92 to 1995-96. ATR was 0.68, 0.81, 0.54, 0.31 and 0.24 during this period. EPS varied between 1.01 and 4.55 and DPS remained between 2.60 and 4.55 during the period under study.

Excellent financial performance is recorded by BSL Ltd. from 1991-92 to 1994-95, it varies to 2.08, 8.78, 11.76 and 7.29 during this period. It declined to 0.29 in the concluding year under study.

Excellent financial performance achieved by the company in the initial four years was mainly due to improvement in sales volume, better cash management and growth in return on capital employed. NS/TA were 1.24, 1.82, 1.95 and 0.28 during 1991-92 to 1994-95 as per Appendix 5.11-5.14. CFR varied between 0.39 and 1.72 during this period. ROCE was 1.19, 1.07, 1.21 and 0.46 during 1991-92 to 1994-95. However, NS/TA declined to -0.11 during 1995-96 as per
Appendix 5.15. Further, profit margins remained under pressure mainly due to hike in input costs and heavy interest burden. Resultantly, computed returned on capital employed declined by 91.39% during this year effecting overall working results adversely.

Fluctuating trends are reflected in financial results of Grasim Industry Ltd. during the period under study. It was 2.02 in 1991-92 and declined to -2.14 and -2.60 in the ensuing two years. It improved marginally to -1.52 and -0.34 in the penultimate and concluding years under study.

Financial appraisal of various explanatory variables reveal that excellent liquidity coupled with better price earning ratio attributed to improved performance in 1991-92. As per Appendix 5.11. CR and ATR was 3.01 and 2.89 respectively during this year. PER depicted financial results of 0.22. In the ensuing two years, CR and ATR declined substantially. As revealed from Appendix 5.13 these ratios declined to -0.11 and 0.08 respectively during 1993-94. At the same time, PER decreased to -0.07 during this year. The liquidity position of the company depicted declining trends which resulted into fall in overall working results of the company. During 1994-95 and 1995-96, the company performed satisfactory. In addition to improvement in all sphere of activities, the company registered substantial profits. This resulted in improved liquidity and better cash management during this period. Hence, overall working results also improved significantly.

Excellent performance is recorded by Himatsingka Seide Ltd. during the entire period under study. It ranges between 17.45 to 21.40 during this period.
Appendix 5.11-5.15 reveals that NPR was 3.09, 3.06, 3.63, 4.19 and 4.11 respectively during 1991-92 to 1995-96. Cash flow ratio varied between 0.72 and 2.56 during this period. Earning to equity remained between 1.01 and 3.93 during this period. DTOR displayed financial results of 0.84, 1.57, 0.53, 0.22 and 0.27 respectively during the five years under study. Thus, better cash management coupled with ability of management to recover timely debts from sundry debtors resulted into adequate liquidity. Consequently, the overall working results reflected improved performance of the company during the entire period under study.

Financial results of Raymond Ltd. reflects deteriorating performance during the entire period under study. It ranges between -1.66 to -4.10 during the period.

As revealed by Appendix 5.11-5.15, current ratio was -0.27, -0.56, -0.42, -0.60 and -0.65 during 1991-92 to 1995-96. NS/TA also displayed inverse position of the company and varied between -0.37 and -0.79 during this period. EPS remained between -0.32 and -0.08 during this period. The inverse position of EPS was due to increased in debt i.e. Fixed Charge. It means that both short-term and long-term solvency and profitability of the company was not satisfactory. Further, DTOR and ATOR also reflected inverse position i.e. inefficiency in management of assets. The main factors responsible for such situation were intense competition, severe power cuts, wagon shortages, financial stringency and sharp rise in interest rates during the period under study.

The overall working results of Reliance Industries Ltd. indicated extremely poor financial performance during 1991-
92 to 1995-96. It varies to -3.68, -5.12, -4.36, -2.21 and -0.91 respectively during five years under study.

NS/TA as revealed by Appendix 5.11-5.15 varied between -1.26 to -0.63 during 1991-92 and 1995-96. ROCE declined from -1.36 in 1991-92 to -0.19 in 1995-96. Cash flow ratio decreased from -1.25 to -0.13 during this period. It is further observed that asset turnover ratio displayed inverse financial position i.e. -0.17, -0.89, -0.79, -0.77 and -0.87 during 1991-92 to 1995-96. Our analysis reveals that profit margins remained under pressure due to large imports of polyester staple fiber and higher levy on purified terephthalic acid as compared to diethyl terephthalic. The overall working improved marginally in the concluding year under study due to company taking full advantages from the opportunity arising from liberalisation.

Fluctuating trends in financial results are noticed in case of Birla Jute and Industry Ltd. during the period under study. It declined from 1.48 in 1991-92 to -4.91 and -3.58 in 1992-93 and 1993-94. However, financial results again improved to 1.01 and 4.04 respectively in the penultimate and concluding year under study.

Financial appraisal of various explanatory variables reveal that during 1991-92, there was substantial improvement in results mainly due to improved productivity and better realisation. NS/TA and ROCE were 0.70 and 0.46 respectively during this year as per Appendix 5.11. During 1992-93, turnover and profits declined due to drop in demand and lower price realisation. NS/TA and ROCE decreased to 0.28 and -1.01 during this year as per Appendix 5.12. During 1993-94, despite growth in turnover, profits declined due to depression in cement carbide and perro-alloys industries,
closure of Bally Jute Mill and sluggish demand of linoleum and vinoleum products. During 1994-95, company registered an all-round growth with turnover and profits registering an increase of 13% and 87% respectively over the previous year. During 1995-96, turnover improved by 21% and the overall working resulted in improved profits.

Deteriorating financial performance is noticed is case of JCT Ltd. during the entire period under study. It ranges between -5.71 to -12.52 during this period.

Appendix 5.11-5.15 reveal that all the financial variables forming part of profitability and turnover ratios displayed declining position of the company during the entire period under study. In addition to this, CFR also revealed inverse position and varied to -1.29, -1.15, -1.29, -0.92 and -1.21 during 1991-92 to 1995-96. Likewise, ETOE varied between -0.69 and -1.12 during this period. It has been observed that profitability was adversely affected by various factors such as increase in interest rates and raw material not keeping pace with selling prices.

Financial results in case of Jamsiri Ranjit SPG, & WVG, Mills Ltd. was 0.72 in 1991-92. It improved to 2.19 in 1992-93, however, it declined to -3.83, -7.09 and -6.79 respectively in the ensuing three years under study.

During 1991-92 and 1992-93, NS/TA were 0.66 and 0.73 respectively as per Appendix 5.11-5.12. ROCE revealed financial results of 0.16 and 0.41 respectively during this period. At the same time, DTOR also revealed positive results 0.27 and 0.54 during these two years. It implies that recovery from sundry debtors was also satisfactory. During 1993-94 & 1994-95, the performance was adversely
affected due to steep rise in cost of raw material and increasing cost of power and fuel. As depicted in Appendix 5.13-5.14, the ROCE declined to -0.73 and -1.72 during this period. DTOR also decreased to 0.11 and -0.52 during these two years. During 1995-96, the working of company was adversely affected due to all-round increase in operating expenses and interest. The computed ROCE -0.93 as depicted in Appendix 5.15 revealed poor performance by the company.

Rajasthan Spinning and Weaving Mills Ltd. revealed fluctuating trends in financial results during 1991-92 to 1995-96. It improved from -3.29 in 1991-92 to 3.72 and 9.18 respectively in 1992-93 and 1993-94. However, it again declined to -2.60 and -5.08 respectively in the penultimate and concluding year study.

During 1991-92, NS/ND was -0.06 as depicted in Appendix 5.11. NP/TA was -0.47 during this year. Added to this, company's DTOR and ATOR also disclosed inverse financial results i.e. -0.30 and -0.14 respectively. Hence, the main reasons for poor performance in company in 1991-92 were insufficient sales volume coupled with eroded profitability. Inefficient management of assets also attributed to deteriorating performance of the company during this year. During 1992-93, turnover registered an increase of 24% over the previous year. During 1993-94, turnover and profits increased by 21% and 430% respectively compared to previous year. In 1994-95, profit margins declined sharply. Further, all the financial variables forming part of profitability ratios, liquidity ratios, efficiency ratios and capitalisation ratios revealed inverse financial results as indicated in Appendix 5.14. Thus overall financial performance declined from 9.18 to -2.60 during this year. In 1995-96, profits declined substantially by 77% due to heavy
depreciation charges and overall financial performance at -5.08 explained poor performance of the company.

Excellent working results i.e. 7.91 were achieved by Ruby Mills company Ltd. during 1991-92, however these favourable results could not be maintained in the ensuing years and declined to -2.75, -0.73, -7.69 and -6.67 respectively during 1992-93 to 1995-96.

Appendix 5.11 indicates that in 1991-92, all the financial variables forming part of profitability ratios depicted positive results. In addition to this, CFR, ETOE, EPS and DPS displayed financial results of 1.34, 1.75, 3.98 and 1.71 respectively during this year. Hence, earning of huge profits coupled with adequate flow of cash in business resulted into excellent performance of the company. It is evident from these results that both short-term and long-term solvency and profitability of the company was satisfactory during 1991-92. In the ensuing four years, operational performance of the company was not encouraging due to demand recession, sluggish market condition, continuous increase in raw material and other input costs. Further, as revealed by Appendix 5.15 CFR, ETOE, EPS, and DPS declined to -0.41, -1.03, -0.32 and -0.33 in 1995-96. In addition, financial variables of profitability, efficiency and turnover ratios reflected inverse position of the company. Consequently, overall working is reported to be deteriorating during this period.

Sintex Industry Ltd. showed poor financial performance i.e. -4.49, -3.37, -4.75 and -3.09 from 1991-92 to 1994-95. A minor improvement is noticed in the concluding year under study and overall working results improved to 0.20 during this period.
As indicated by Appendix 5.11-5.14 NS/ND was -0.11, -0.11, -0.13 and 0.06 during 1991-92 to 1994-95. The GPR was -0.93, -0.54, -0.36 and -0.37 respectively during this period. Profit margins were squeezed as a result of sharp increase in prices of cotton, power and other inputs. During 1995-96, the company achieved satisfactory results with total revenue from sale of its fabrics and due to growth in the value of its exports. Several new varieties were introduced and supplied to the garment manufacturers in a regular manner. Consequently, all the three variables forming part of efficiency ratios revealed positive results i.e. 0.30, 0.09 and 0.06 during 1995-96 as revealed by Appendix 5.15. The computed return on capital employed at 0.30 also revealed positive results during this year. Resultantly, the overall performance of company improved to 0.20 during this year.

5.4 Performance Evaluation of Mining, Metallurgical and Cement Industries:
In this section, the weighted composite scores of financial ratios of Mining, Metallurgical and Cement Industries have been computed for the years 1991-92 to 1995-96 on year to year basis. Industry’s norms and standards have been calculated with the help of normal distribution. The weighted composite scores and industry’s norms are given in Appendix 5.16-5.20. A Composite Financial Performance Index of these weighted scores and norms has been prepared in Table 5.1 to depict financial performance of this industrial sector for the entire period under study.

Financial performance of Sesa Goa Ltd. reflected excellent working results i.e. 7.23, 14.83 and 6.56 in the initial three years under study. In the ensuing two years, it declined to -6.27 and -1.60 respectively.
<table>
<thead>
<tr>
<th>SN</th>
<th>Name of the Company</th>
<th>91-92</th>
<th>92-93</th>
<th>93-94</th>
<th>94-95</th>
<th>95-96</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Sesa Goa Ltd (SGL)</td>
<td>7.23</td>
<td>14.83</td>
<td>6.56</td>
<td>-6.27</td>
<td>-1.60</td>
</tr>
<tr>
<td>2.</td>
<td>Associated Stone Indus. (Kotah) Ltd (ASL)</td>
<td>1.46</td>
<td>-5.13</td>
<td>-3.94</td>
<td>-5.06</td>
<td>-9.86</td>
</tr>
<tr>
<td>3.</td>
<td>Associated Cement Co. Ltd. (ACC)</td>
<td>7.70</td>
<td>8.93</td>
<td>9.50</td>
<td>15.94</td>
<td>13.34</td>
</tr>
<tr>
<td>4.</td>
<td>Dalmia Cement (Bharat) Ltd. (DCL)</td>
<td>-5.79</td>
<td>-2.04</td>
<td>-4.48</td>
<td>-0.11</td>
<td>1.42</td>
</tr>
<tr>
<td>5.</td>
<td>Gujrat Ambuja Cement Ltd. (GAC)</td>
<td>10.27</td>
<td>3.81</td>
<td>3.92</td>
<td>-0.48</td>
<td>0.38</td>
</tr>
<tr>
<td>6.</td>
<td>India Cements Ltd. (ICL)</td>
<td>-0.73</td>
<td>2.69</td>
<td>0.84</td>
<td>0.42</td>
<td>1.16</td>
</tr>
<tr>
<td>7.</td>
<td>Madras Cement Ltd. (MCL)</td>
<td>11.75</td>
<td>11.34</td>
<td>18.45</td>
<td>22.73</td>
<td>18.72</td>
</tr>
<tr>
<td>8.</td>
<td>OCL India Ltd. (OCL)</td>
<td>-3.79</td>
<td>-1.47</td>
<td>-5.75</td>
<td>-2.16</td>
<td>-1.39</td>
</tr>
<tr>
<td>10.</td>
<td>Deccan Cements Ltd (DCL)</td>
<td>-4.36</td>
<td>2.33</td>
<td>0.89</td>
<td>3.46</td>
<td>4.15</td>
</tr>
<tr>
<td>11.</td>
<td>Kakatiya Cements Ltd (KCL)</td>
<td>-8.04</td>
<td>0.86</td>
<td>6.94</td>
<td>4.45</td>
<td>7.04</td>
</tr>
<tr>
<td>12.</td>
<td>Mysore Cement Co. Ltd (MISC)</td>
<td>-8.17</td>
<td>-10.01</td>
<td>-9.46</td>
<td>-10.36</td>
<td>-8.97</td>
</tr>
<tr>
<td>13.</td>
<td>Shree Cement Co. Ltd. (SCC)</td>
<td>7.17</td>
<td>3.57</td>
<td>8.72</td>
<td>9.19</td>
<td>5.93</td>
</tr>
<tr>
<td>14.</td>
<td>Amforge Industry Ltd. (AMF)</td>
<td>-4.32</td>
<td>-4.84</td>
<td>-5.62</td>
<td>-2.49</td>
<td>0.42</td>
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<tr>
<td>15.</td>
<td>Bellary Steels and Alloys Ltd. (BSA)</td>
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<td>-6.13</td>
<td>-4.69</td>
<td>2.62</td>
<td>13.13</td>
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<td>16.</td>
<td>Bharat Forge Ltd (BFL)</td>
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<td>-7.88</td>
<td>-8.04</td>
<td>-8.35</td>
<td>-5.71</td>
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<tr>
<td>17.</td>
<td>Goetze (India) Ltd. (GZL)</td>
<td>-7.29</td>
<td>-8.67</td>
<td>-5.58</td>
<td>-2.67</td>
<td>-4.30</td>
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<tr>
<td>18.</td>
<td>GKW Ltd. (GKW)</td>
<td>-2.12</td>
<td>1.43</td>
<td>2.57</td>
<td>2.68</td>
<td>-5.33</td>
</tr>
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<td>19.</td>
<td>Hamco Mining and Smelting Ltd. (HMS)</td>
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<td>1.50</td>
<td>2.11</td>
<td>3.50</td>
<td>1.11</td>
</tr>
<tr>
<td>20.</td>
<td>Jindal Iron and Steel Co. Ltd (JJS)</td>
<td>-3.87</td>
<td>-2.61</td>
<td>1.84</td>
<td>-6.01</td>
<td>-9.15</td>
</tr>
<tr>
<td>22.</td>
<td>Special Steels Ltd (SSL)</td>
<td>0.77</td>
<td>-2.68</td>
<td>-5.07</td>
<td>-1.90</td>
<td>-2.18</td>
</tr>
<tr>
<td>23.</td>
<td>SWIL Ltd. (SWL)</td>
<td>-3.64</td>
<td>-4.53</td>
<td>-1.78</td>
<td>-1.62</td>
<td>-0.05</td>
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<td>24.</td>
<td>Murudeshawar Ceramics Ltd. (MDC)</td>
<td>2.46</td>
<td>1.45</td>
<td>-1.41</td>
<td>-1.91</td>
<td>-3.79</td>
</tr>
<tr>
<td>25.</td>
<td>Hindustan Sanitary ware and Industry Ltd (HSW)</td>
<td>-4.61</td>
<td>-6.28</td>
<td>-6.53</td>
<td>-8.79</td>
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<td>Normative Standard (NS)</td>
<td>(2.04)</td>
<td>(1.99)</td>
<td>(2.11)</td>
<td>(2.17)</td>
<td>(2.12)</td>
</tr>
</tbody>
</table>

The above data has been extracted from appendix 5.16-5.20
As indicated in Appendix 5.16-5.18, ROCE was 1.16, 2.95 and 1.51 during 1991-92 to 1993-94. Cash flow ratio depicted financial results of 0.76, 1.68 and 0.57 during this period. Earning to equity remained at 1.01, 2.87 and 0.75. It is thus evident that earning of sufficient profits coupled with adequate flow of cash in the business attributed to excellent financial performance during the first three years under study. Added to this, efficient management of assets also attributed to excellent financial performance of the company. ATOR revealed financial results of 0.37, 0.73 and 0.87 during 1991-92 to 1993-94. In the ensuing two years, company could not earn adequate profits. CFR declined to -0.75 and -0.45. ETOE also decreased to -0.95 and -0.38 during this period. It is further noticed that ATOR also reduced to 0.01 and -0.27 respectively during 1994-95 and 1995-96. As a result of these adverse factors, the overall financial performance deteriorated to -6.27 and -1.60 during this period.

Financial Performance of Associated stone Industry (Kotah) Ltd. was 1.46 in 1991-92. It decreased to -5.13, -3.94, -5.06 and -9.86 during 1992-93 to 1995-95. In 1991-92, earning of sufficient profits coupled with better liquidity position attributed to satisfactory financial performance of the company. NP/TA was 1.19 during this year as per Appendix 5.16. Current ratio was 1.09 and Acid-test ratio was 1.34 during this year. During 1992-93, net profits reduced by 87%. Adding to this, cash flow ratio also decreased to -0.58 from 0.20 in the previous year. Resultantly, overall working results decreased from 1.46 to -5.13 in this year. During 1993-94, turnover and net profits registered growth of 17% and 115% respectively over previous year. At the same time, price earning ratio increased from
-0.05 to 0.40 during this year. Thus overall financial results improved marginally from -5.13 to -3.94. During 1994-95, Substantial growth in the equity was made by the company. Consequently, return on capital employed declined form -1.12 in 1993-94 to -1.67 and -1.80 respectively in 1994-95 and 1995-96. This coupled with ineffective management of assets resulted into further reduction in overall working results from -3.94 in 1993-94 to -5.06 and -9.86 respectively in 1994-95 and 1995-96.

Associated Cement Company Ltd. reflects excellent performance during the entire period under study. It varies between 7.70 to 15.94 during the period.

During 1991-92 growth in turnover by 24%, better cash flow and price earning ratio i.e. 0.21 and 0.81 and other capitalisation ratios attributed to achieve satisfactory working results. In 1992-93, turnover increased by 7.76%. But for reduced profits due to hike in input costs, the overall financial performance could still have been better. During 1993-94, turnover was higher by 8% compared to previous year. Added to this, improved CFR, PER and other capitalisation and turnover ratios accounted for satisfactory performance. During 1994-95, the overall turnover and profits increased by 26% and 156% respectively. Thus significant improvement in overall financial performance viz from 7.70 in 1991-92 to 15.94 were achieved through improved operational efficiency mentioned above. During 1995-96, turnover increased by 14%. But for increase in cost of imports and higher cost of working capital, the overall performance could have still been better.

Financial results in case of Dalmia Cement (Bharat) Ltd. reflected inverse performance during the majority of period
under study. Minor improvement is noticed in the concluding year under study. It varies between -5.79 to 1.42 during 1991-92 to 1995-96.

As depicted in Appendix 5.16, NS/TA, NP/TA and ATOR were -0.42, -0.51 and -0.62 respectively in 1991-92. It implies that during this year inadequate sales volume, insufficient profits and ineffective management of assets resulted into adverse financial performance of the company. During 1992-93, turnover and profit margins increased marginally by 18% and 8% respectively. Return on capital employed also increased form -0.44 to 0.09 during this year. As a result of which, the overall working results improved marginally to -2.04 from -5.79 in the previous year. During 1993-94, despite growth in turnover and profits, the computed return on capital employed declined from -0.09 to -0.22 on account of further issue of equity capital. Consequently, the overall working results again deteriorated to -4.48 during this year. During 1994-95 and 1995-96, both production and dispatches have gone up due to increased demand for cement in Kerela and Tamilnadu. During these two years, net profits registered increase of 127% and 32% respectively over the annualised figures of previous years. The computed return on capital employed also increased to 0.81 and 0.95 during this period. Consequently, the overall financial performance improved from -4.48 to -0.11 and 1.42 respectively in 1994-95 and 1995-96.

The overall financial performance in case of Gujrat Ambuja Cement Ltd. reflected declining trends since initial year under study. It declined form 10.27 in 1991-92 to 3.81, 3.92, -0.48 and 0.38 respectively in the ensuing four years.
As revealed by Appendix 5.16 CR and ATR were 2.51 and 1.76 respectively in 1991-92. CFR, ETOE and DTOE displayed financial results of 0.14, 0.43 and 1.81 during this year. Debtor turnover ratio was 2.46 and all the financial variables forming part of profitability ratios also revealed positive results. It is noticed that despite increase in the cost of raw material and hike in power charges, the performance was satisfactory. This was attributed to plant efficiency, sound financial management, effective cost control and better realisation. During 1992-93, turnover and profit margins remained under pressure and declined marginally by 1.5% and 2.25% respectively over the previous year. Resultantly, overall working results declined from 10.27 in 1991-92 to 3.81 in 1992-93. In 1993-94, turnover and profit margins registered substantial growth of 87% and 79% respectively over the annualised figures of previous year. However, on account of substantial enhancement in net worth, the computed return on capital improved marginally from -0.58 to -0.34. Consequently, the overall financial results improved only by 2.88% during this year. During 1994-95, on account of huge investment made by the company for new projects, liquidity position was affected adversely. As a result of which, overall working result declined from 3.92 to -0.48 during this year. During 1995-96, turnover registered substantial growth of 70% over the previous year. Net profits were 43% higher compared to previous year, which resulted into improvement in overall financial resulted from -0.48 to 0.38 during this year.

Financial results of India cements Ltd. improved from -0.73 in 1991-92 to 2.69 and 0.84 in 1992-93 and 1993-94. It declined to 0.42 in 1994-95, however, it again improved marginally to 1.16 in 1995-96.
During 1991-92, NS/TA and NS/ND were 0.12 and 0.95 respectively as depicted in Appendix 5.16. However GPR and NPR showed inverse results i.e. -0.31 and -0.65 respectively during this year. It implies that despite adequate sales turnover, profits were under pressure, the computed return on capital employed at -0.23 and overall performance at -0.73 reflected adverse position of the company. During 1992-93, return on capital employed increased to 0.05. At the same time, price earning ratio increased by 129%. Consequently, overall financial performance improved from -0.73 to 2.69 during this year. During 1993-94, recessionary trends in cement industry continue to yield pressure on margins. However, sound financial management and effective cost control resulted into improvement in overall performance by 5.57%. During 1994-95, increase in power tariff and various others input costs resulted into paucity of profits. Thus overall financial performance deteriorated by 85% during this year. During 1995-96, net profits increased by 71%. As a result of which, overall working results improved by 176% the year.

Financial performance of Madras Cement Ltd. reflected excellent position of the company during the entire period under study. It varies to 11.75, 11.34, 18.45, 22.73 and 18.72 during 1991-92 to 1995-96.

In 1991-92, as revealed by Appendix 5.16 all the financial variables forming part of turnover and profitability ratios depicted positive results. Escalation in turnover was due to better price realisation. Profitability stood 25% higher compared to previous year. During the year, company’s cash flow, earning per share and dividend per share reflected rising trends. Resultantly, the overall working results i.e. 11.75 reflected excellent performance of the company. During
1992-93, production improved substantially and turnover registered growth of 9% over previous year. During 1993-94, turnover increased by 18% and despite increase in power tariff, road and rail freight, cost of coal, profitability escalated by 5%. Except for liquidity, remaining variables viz. cash flow, price-earning ratio, earning per share and dividend per share reflected rising trends. In consequent upon which, overall financial results improved by 62%. During 1994-95, turnover and profitability increased by 23% and 170% respectively over the annualised figures of previous year. The overall working results improved all the time to 22.73 during this year. During 1995-96, turnover further increased by 29%. But for increase in power tariff, road and rail freight, cost of coal, the overall financial performance could have still been better.

The financial performance OCL India Ltd. revealed declining trends. It varies between -1.39 to -5.75 during the period under study.

As per Appendix 5.16 NS/TA was -0.07 in 1991-92. CFR, WCTR, ATOR and PER revealed inverse financial results i.e. -0.09, -0.27, -0.14 and -0.16. It is further noticed EPS and DPS were -0.19 and -0.15 respectively during this year. Price realisation was low due to fall in demand. Inadequate cash flow, paucity of working capital and ineffective management of assets coupled with inverse price earning ratio, earning per share and dividend per share added to the problem. Thus, overall performance at -3.79 reflected adverse position of the company during this year. During 1992-93, the demand for cement continued to remain slack and operations were adversely affected due to competition and low price realisation. During 1993-94, prevailing competition kept the selling prices under pressure and cost inflation eroded the
margins. Resultantly, the overall working results i.e. -5.75 reflected adverse performance of the company. During 1994-95, production of cement and clinker increased. During the year, turnover registered growth by 23% and overall working resulted in improved profits. During 1995-96, turnover and profits further increased by 18% and 16% respectively. This coupled with better realisation of funds from sundry debtors resulted in improved working capital. Consequently, overall financial results improved marginally from -5.75 in 1993-94 to -2.16 and -1.39 respectively in 1994-95 and 1995-96.

Financial performance of Saurashtra Cement Ltd. was 19.67 in the initial year under study and since then it has shown a decreasing trends. It decreased to 3.41, -7.10, -4.53 and -11.53 in the ensuing four years under study. During 1991-92 and 1992-93 NS/P&M was 0.07 and 0.75 respectively. NP/TA was 1.98 and 0.76 during these years. It is further noticed from Appendix 5.16 - 5.17 that CFR, ETOE and all the Financial variables forming part of turnover ratios revealed healthy position of the company during first two years. In the ensuing three years, the overall financial performance of the company declined substantially. The main reasons for deteriorating position were ineffective management of assets. Profit margins also remained under pressure due to hike in input costs, increased interest burden and ineffective cost control. Therefore, company should pay special attention to manage its assets more effectively. At the same time, steps should also be taken to adopt stringent measures for the better cost control techniques by the management.

During 1991-92 working results of Deccan Cements Ltd. i.e. -4.36 reflected poor position of the company, it rises to 2.33 in 1992-93. But falls to 0.89 in 1993-94. It again
rises to 3.46 and 4.15 respectively in the ensuing two years under study.

As revealed by Appendix 5.16, NP/TA was -0.77 in 1991-92. ATOR and WCTR revealed working results of -0.43 and -0.10. Further CFR, EPS and DPS revealed working results of -0.19, -0.33 and -0.30 in 1991-92. Profit margins were adversely affected on account of severe and unscheduled power cuts, increase in power tariff and high cost of captive power generation. Added to this, ineffective management of assets, paucity of working capital and inverse cash flow coupled with adverse earning per share and dividend per share resulted into extremely poor financial performance by the company. During 1992-93, the plant registered a 100% capacity utilisation and increase in production by 12%, turnover by 29% were considerably higher compared to previous year. These factors coupled with better realisation resulted in improved liquidity. The overall working results improved from -4.36 to 2.33. During 1993-94, turnover improved marginally but margins remained under pressure. As a result of which, overall working results again declined to 0.89 during this year. During 1994-95, the company achieved a capacity utilisation of 111%. During the year, production and turnover registered growth of 4% and 33% respectively. Profitability was also 145% higher compared to previous year. During 1995-96, turnover rose by 23% and the overall working resulted in improved profits. On the basis of these achievements, the overall financial performance in case of Deccan Cements Ltd. improved by 289% and 20% respectively on an annualised basis in 1994-95 and 1995-96.

Financial results in case of Kakatiya Cements Ltd. was extremely poor i.e. -8.04 in 1991-92 and since then it
reflected significant improvement and rose to 7.04 in the year 1995-96.

In 1991-92, inadequate turnover, inverse liquidity and ineffective management of fixed assets accounted for company's adverse financial position. The financial variables forming part of efficiency ratios depicted financial results of -1.27, -0.55 and -0.76 during 1991-92. CR and ATR were -0.97 and -0.59 during this period. Assets turnover ratio revealed financial results of -1.42 in 1991-92 as per Appendix 5.16. During 1992-93, production increased substantially by 61% compared to previous year. Turnover increased by 70%. As a consequent of which, the overall working results improved from -8.04 to 0.86. During 1993-94, turnover and profitability registered increase of 40% and 105% respectively over the annualised figures of previous year. With the adequate flow of cash, company's liquidity position improved substantially. It is also observed that company was able to manage its assets more effectively. Consequently, the financial performance improved to 6.94. During 1994-95, company's capacity utilisation reached 111%. During this year, turnover and profitability improved by 32% and 76% respectively. However, return on capital employed declined from 1.18 to 0.51 with the escalation in equity capital. During 1995-96, company's capacity utilisation improved to 112%. Turnover increased by 10.36% and the company registered substantial profits. As a result of which, the overall financial performance improved to 7.04 in 1995-96.

As indicated in Appendix 5.16-5.20, NS/TA was -0.89, -0.56, -0.60, -0.42 and -0.35 during 1991-92 to 1995-96. NP/TA also depicted inverse position of the company and varied between -1.15 and -0.42 during this period. ATOR displayed financial results of -0.83, -0.86, -0.78, -0.66 and -0.59 during the period. It is also noticed that majority of capitalisation ratios revealed inverse financial performance of the company during this period.

Financial performance of Shree Cement Company Ltd. remained excellent during the entire period under study. It ranges between 3.57 to 9.19 during this period.

In 1991-92, NS/TA was 1.15 as per Appendix 5.16. CFR, ETOE and DTOE disclosed financial results of 0.45, 0.26 and 0.23 respectively. Further, all the financial variables forming part of liquidity and profitability ratios revealed positive working results during this year. The overall performance was encouraging due to better sales' realisation. During 1992-93, turnover increased marginally by 7.82%, however margin remained under pressure due to increase in costs. Resultantly, the overall working results declined from 7.17 to 3.57. During 1993-94, turnover was higher by 10.69%. Profitability registered substantial increase of 182% over the annualised figures of previous year. As a result of these achievements, the overall financial performance again increased to 8.72 during this year. During 1994-95, turnover and profitability increased by 21% and 91% respectively. The overall performance increased by 5.38%. During 1995-96, turnover increased by 15%. But for paucity of working capital the overall working results could have still been better.
Continuous declining trends in financial results are noticed in case of Amforge Industry Ltd. from 1991-92 to 1993-94. It declined from -4.32 to -5.62 during this period. Minor improvement is noticed in the penultimate and concluding years under study. The working results improved to -2.49 and 0.42 respectively during these years.

As revealed by Appendix 5.16-5.18, all the financial variables forming part of profitability, efficiency and turnover ratios depicted inverse position of the company during 1991-92 to 1993-94, the only exception being NS/TA which displayed positive results i.e., 0.13 and 0.15 during 1992-93 and 1993-94. Thus, the main reasons for continuous deteriorating financial performance of the company till 1993-94 were, inadequate sales volume due to continued recession, reduced demand and the initial lower capacity utilisation. Profit margins remained under pressure due to repeated steep increases in steel prices, higher interest burden, increased cost of fuel and other inputs and overall general cost escalation. These factors affected the cash flow and liquidity position adversely. Added to this ineffective management of assets also attributed to deteriorating financial performance of the company. During 1994-95, sales improved substantially by 57%. Profits also showed a corresponding improvement. During 1995-96, the overall performance improved marginally. The improvement in performance was attributed to the revival from recession in the automotive industry.

Extremely poor performance of Bellary Steels and Alloys Ltd. is noticed in the initial three years. Significant improvement is noticed in the penultimate and concluding years under study. Financial results of the company varied

As revealed by Appendix 5.16 all financial variables forming part of liquidity ratios, profitability ratios and turnover ratios depicted inverse position of the company in 1991-92. Further, majority of capitalisation ratios also revealed inverse position of the company during this year. During 1992-93, company implemented the expansion-cum modernisation programme. Consequently, despite growth in turnover during this period, margins remained under pressure due to increase in non-operating expenses. During 1993-94, despite improvement in profits, the computed return on capital employed declined further on account of growth in equity capital and raising of terms loans. During 1994-95 and 1995-96, turnover increased substantially by 101% and 52% respectively. Profits and showed a corresponding growth of 155% and 128% during this period. Company’s cash flow and liquidity position also improved and company was able to manage its assets more effectively as compared to previous year. As a result of which, the overall working results improved from -10.49, -6.13 and -4.69 in the initial three years to 2.62 and 13.13 respectively in the penultimate and concluding years under study.

The financial performance of Bharat Forge Ltd. remained extremely poor during the entire period under study. It ranges between -5.71 to -8.35 during the period.

As revealed by Appendix 5.16-5.20, NS/TA was -0.65, -0.86, -1.28, -1.33 and -1.14 during 1991-92 to 1995-96. Insufficient cash flow, paucity of working capital, eroded profitability and ineffective management of assets also attributed to declining performance of the company. NP/TA
and ROCE depicted inverse financial results during the entire period under study. Further, all the financial variables forming part of turnover ratios remained negligible during 1991-92 to 1995-96. CFR varied between -0.63 to -0.46 during this period. It is further noticed that other financial variables of capitalisation ratios also reflected deteriorating financial performance of the company. All these factors accounted for poor performance of the company.

Deteriorating financial performance of Goetze (India) Ltd. is noticed during the period under study. It ranges to -7.29, -8.67, -5.58, -2.67 and -4.30 during 1991-92 to 1995-96.

Appendix 5.16-5.18 indicated that all financial variables forming part of profitability, efficiency and turnover ratios revealed inverse financial results during 1991-92 to 1993-94. Turnover and profitability declined by 8.37% and 5.27% respectively during 1992-93. Our analysis further reveals that during 1993-94, profit margins remained squeezed. During 1994-95 and 1995-96, NS/TA revealed positive financial results i.e. 0.45 and 0.03 as per Appendix 5.19-5.20. The improved performance was mainly due to better product-mix, inventory control and cash management. However, profit margins remained under pressure due to substantial increase in cost of raw materials and other manufacturing inputs. Consequently, the overall financial performance still disclosed poor financial results during this period.

Fluctuating trends are noticed in financial results of GKW Ltd. It was -2.12 in 1991-92, since then continuous improvement is noticed and it improved to 2.68 in the year
1994-95. However, it again declined to -5.33 in the year 1995-96.

Despite adequate sales turnover, profit margins remained squeezed during 1991-92. All financial variables forming part of profitability and liquidity ratios depicted inverse results as per Appendix 5.16. Cash flow ratio and earning per share also displayed inverse results i.e. -0.91 and -0.61 respectively during this year. DTOR and WCTR with financial results of -0.35 and -0.33 affected the performance of company adversely. During the year, a shutdown was visualised in the automotive sector adversely affecting demand for steel. However, the performance of the company improved immensely in the ensuing two years due to improvement in economic activity in general and automotive sector in particular. During 1995-96, huge investment were made by the company in plant and machinery from borrowed funds. The funds thus remained blocked affecting the overall working results adversely during this period.

Financial results of Hamco Mining and Smelting Ltd. varied to 2.04, 1.50, 2.11, 3.50 and 1.11 respectively during 1991-92 to 1995-96.

The three explanatory variables forming part of efficiency ratio, depicted working results of 0.67, 0.47 and 2.73 respectively during 1991-92 as per Appendix 5.16. It is revealed that during this year turnover and exports were considerably higher compared to previous year. The overall working could have still been better but for poor demand from automobile industry. During 1992-93, sales declined by 22%, as the production level has to be curtailed to make the company a ‘smelter unit’. This resulted into fall in working results by 73.53%. During 1993-94, sales registered a growth
of 99%. Profitability was also 188% higher compared to previous year. Added to this, effective cash management led to improvement in financial results by 40.66% during the year. With the commencement of mining and smelting activity, the company achieved substantial profits during 1994-95. The financial results showed further improvement by 65.88%. During 1995-96, despite increase in sales turnover by 40%, profitability declined by 12% due to increase in input costs and heavy interest burden. The working results declined by 68% during the period.

Fluctuating tendency in financial results of Jindal Iron and Steel Company Ltd. are revealed during 1991-92 to 1995-96. It were -3.87 and -2.61 in the initial two years under study. It improved to 1.84 in the third year. However, it again declined to -6.01 and -9.15 in the penultimate and concluding year under study.

During 1991-92, all the financial variables forming part of profitability and turnover ratios revealed inverse working results as per Appendix 5.16. Further, EPS and DPS also displayed inverse position i.e. -0.28 and -0.34 during this year. During 1992-93, turnover and profit margins improved marginally. But due to paucity of working capital, ineffective cash management, the overall working results reflected deteriorating financial performance of the company. During 1993-94, company’s sales and exports registered further improvement by 78% and 16% respectively. Profitability also showed a corresponding improvement. Added to this, with adequate flow of cash in the business the overall working was reported to be satisfactory. During 1994-95, sales turnover and profitability improved substantially by 123% and 180%. However, return on capital employed declined from -0.27 to -0.99 owing to further issue
of equity capital. This resulted into fall in overall working performance. During 1995-96, sales improved by 34%. However, the overall margins declined due to increased cost of imported raw material coupled with the price collapse in the international market. As a consequence of which, the overall working results further declined from -6.01 to -9.15 during the year.

Fluctuating trends are noticed in financial results of Mipco Seamless Rings (Gujrat) Ltd. It showed excellent results i.e. 3.42, 6.13 and 5.13 during 1991-92 to 1993-94. However, financial results declined to -2.37 in 1994-95 and again improved to 3.07 in 1995-96.

During 1991-92 to 1993-94, NS/TA was 1.36, 1.88 and 0.90 respectively as per Appendix 5.16-5.18. The computed return on capital employed depicted financial results of 0.32, 0.36 and 0.71. ETOE remained at 0.87, 1.34 and 0.21 during these three years. Further, asset turnover ratio displayed financial results of 1.20, 1.60 and 1.18. As a consequence of these factors, overall working results worked out to be 3.42, 6.13 and 5.13 respectively during this period. During 1994-95, NS/TA declined to -0.76, ROCE and ETOE declined to -1.21 and -0.17 respectively during this year. ATOR decreased to -0.40. Resultantly, overall working results at -2.37 showed deteriorating performance of the company. During 1995-96, turnover improved by 93.60% as compared to previous year. Profitability also registered corresponding growth. Added to this, effective cash management and improvement in working capital yielded excellent working results i.e. 3.07 during this year.
Deteriorating financial performance is noticed in case of Special Steels Ltd. during the entire period under study. It ranges between 0.77 to -5.07 during the period.

As revealed by Appendix 5.16-5.20, NS/TA depicted positive results during the entire period under study. However GPR varied to -0.45, -0.92, -1.20, -1.36 and -1.28 during 1991-92 to 1995-96. Cash flow ratio varied between -0.21 to -1.10 and DTOR remained at -0.22, -0.41, -0.29, -0.22 and -0.17 during this period. It is noticed that despite adequate growth in turnover, profit margins remained under pressure during the entire period on account of major increased in fuel charges and steep cost escalations particularly in wages and power tariff. In addition to this, substantial funds remained blocked with sundry debtors affecting the liquidity and flow of cash adversely during the period under study. As a consequent of these factors, the overall working results disclosed deteriorating performance of the company.

Financial performance of SWIL Ltd. showed extremely poor working results i.e. -3.64, -4.53, -1.78, -1.62 and -0.05 respectively 1991-92 to 1995-96.

NS/TA was -0.20, -0.32, -0.12, -0.02 and -0.21 during 1991-92 to 1995-96. NP/TA varied between -0.36 and -1.09 during this period. Further, as revealed by Appendix 5.16-5.20, EPS and DTOR displayed inverse financial results. It is thus clear that inadequate turnover, insufficient profits and ineffective management of assets attributed to deteriorating financial performance of the company. However, improvement in sales coupled with better management of assets in the later years under study contributed to marginal improvement in working results.
The overall working results showed continuous declining trends in case of Murudeshwar Ceramics Ltd. It declined continuously from 2.46 in 1991-92 to 1.45, -1.41, -1.91 and -3.79 in the ensuing four years under study.

During 1991-92 and 1992-93, the net profit ratio depicted financial results of 0.67 and 0.99 respectively as per Appendix 5.16-5.17, CFR also displayed positive results of 0.43 and 0.97 during these years. Better performance achieved by the company in the first two years were due to working at capacity utilisation and earning of adequate profits. Our analysis further reveals that in the ensuing years, margins remained under pressure as the prices of raw material increased. Added to this, computed return on capital employed declined from 0.12 in 1992-93 to -0.20 and -0.05 respectively in 1993-94 and 1994-95. Thus the overall working results reflected declining trends during this period. During 1995-96, low turnover, inverse liquidity and ineffective management attributed to deteriorating performance of the company.

Extremely poor performance is reflected by Hindustan Sanitaryware and Industry Ltd. during the entire period under study. It ranges between -4.61 to -8.79 during the period.

As revealed by Appendix 5.16-5.20, NS/P&M depicted financial results of -0.37, -0.28, -0.13, -0.19 and -0.18 during 1991-92 to 1995-96. NP/TA was -1.03, -0.36, -0.21, -0.43 and -0.20 during this period. In addition, most of the turnover ratios revealed deteriorating financial performance of the company. Hence, the main reasons for poor performance at the company were inadequate sales volume, insufficient profits and inability of management to manage its assets effectively.