CHAPTER 5

PERFORMANCE OF SICK COMPANIES
REPORTED TO THE BIFR

5.1 Introduction

The BIFR initiates steps to rehabilitate all viable sick industrial undertakings reported to it. Winding up of a company is considered only as a last resort. Rehabilitation of a sick unit is carried out by sanctioning and implementing a rehabilitation scheme. Where the sick unit has already implemented a rehabilitation scheme, the Board may approve the continuation of the scheme if it is satisfied that the company would be able to make its networth positive within a reasonable period.

Where the Board finds that the sick unit has no viable rehabilitation scheme of its own and it is in ‘public interest’ to rehabilitate the company, it appoints an Operating Agency to examine the feasibility of its rehabilitation with the active participation of all stake holders/participating agencies. The Operating Agency prepares a rehabilitation scheme after making a detailed techno-economic viability study incorporating necessary relief and concessions needed to revive the company.
The rehabilitation scheme is implemented for a period of seven to ten years. If the company is able to make its networth positive during the period of implementation of the rehabilitation scheme, it is considered as ‘successful’ and the company is taken out of the purview of the BIFR.

The BIFR considers a rehabilitation scheme as successful only if its implementation helps a company to make its networth positive. A company reported to the BIFR after the erosion of its entire networth may not be in a position to make its networth positive by implementing a rehabilitation scheme. But the implementation of the rehabilitation schemes might have helped many companies to improve their operating efficiency and financial position to a great extent. Hence an evaluation of the effectiveness of the implementation of the rehabilitation schemes essentially requires an evaluation of the progress made by the sick companies after implementing the rehabilitation schemes.

To evaluate the effectiveness of the implementation of the rehabilitation schemes sanctioned by the BIFR, 40 sick companies \(^1\) were selected and their profitability, solvency, current assets and over all performance after implementing the rehabilitation schemes were analysed.

5.2 Evaluation of the Profitability of Companies Reported to the BIFR

A company should earn profit to survive and grow over a period of time. The financial health of an enterprise on a long-term basis depends on its profitability. It is an operational concept and signifies economic efficiency. Profitability refers to a situation where output exceeds input, that is the value created by the use of resources is more than the total of the input resources.

\(^1\)Data regarding 32 companies were collected from the Bombay Stock Exchange and from 8 companies, by personal visits.
Profit is an outcome of investment. If a company is unable to earn a satisfactory return on investment its survival is threatened. The return or yield on capital investment must be satisfactory from the owners' point of view.

Profitability is measured not by the absolute quantum of profits but by relating profit to a variable to which it depends viz., investment or sales. Profitability ratios are the best indicators of the overall efficiency of the business concern because they compare the return of value over and above values put into business with sale or service carried on by the firm with the help of assets employed (Srivastava, 1979, 49). It is an indicator of the company's efficiency in using capital committed by shareholders and lenders. (Srivastava and Yadav, 1986, 31). The operating performance or success of a business can be evaluated with the help of profitability ratios viz., Gross Profit Margin, Net Profit Margin, Operating Ratio, Return on Investment, Return on Capital Employed and the like.

Net profit is the net result of the working of a company during a period and Return on Investment (ROI) relates profitability to investment. Hence the Net Profit Ratio and the Return on Investment were selected to evaluate the profitability of sick companies after implementing their rehabilitation schemes.

5.2.1 Net Profit Ratio

The ratio net profit to net sales\(^2\) is widely used as a measure of overall profitability of a business. It indicates the management's efficiency in manufacturing, administering and selling the products. The higher the ratio, the better is the operating efficiency of the concern. It provides a search light of its objectives.

Net Profit Ratio is worked out by dividing net profit by net sales. A figure of net profit is arrived at after deducting the overall expenses, depreciation charges

\(^2\text{Net Profit Ratio} = \frac{\text{Net Profit}}{\text{Net Sales}}\times 100\)
and provision for development rebate reserve. The net profit is indicative of management’s ability to operate the business with sufficient success not only to recover from the revenues of the period, the cost of merchandise or services, the expenses of operating the business (including depreciation) and the cost of the borrowed funds but also to leave a margin of reasonable compensation to the owners for providing their capital at risk. The ratio of net profit to sales essentially expresses the cost/price effectiveness of the operation.  

The profitability of a business concern is regarded as the best measure to evaluate its operating efficiency. The higher the profitability, the better its operating efficiency. The Net Profit Ratio can be used as a tool to analyse the profitability of sick units after implementing the rehabilitation schemes. It also helps to evaluate the effectiveness of the implementation of the rehabilitation schemes sanctioned by the BIFR. Any improvement in the profitability of the sick unit after implementing the rehabilitation scheme can be considered as the success of the implementation of the rehabilitation scheme. Similarly any decline in the profitability of the business concern after implementing the rehabilitation scheme is a sign of the failure of the rehabilitation scheme.

In order to evaluate the effectiveness of the implementation of the rehabilitation schemes sanctioned by the BIFR the Net Profit Ratios of 40 selected sick industrial undertakings have been calculated and the trend is given in Table 5.1.

---


4The trend is calculated by using the formula \( y = a + bx \) where, 
\( y = \text{Ratio}, \ b = \text{Trend value}, \ x = \text{Year} \) and \( a = \text{Constant}. \)
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Andhra Cements Ltd</td>
<td>-87.10</td>
<td>-210.60</td>
<td>-1365.0</td>
<td>-196.40</td>
<td>-3.90</td>
<td>-1.30</td>
<td>-6.10</td>
<td>-2.40</td>
<td>-31.60</td>
<td>-5.61</td>
<td></td>
<td></td>
<td>56.8055</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Binny Ltd</td>
<td>-8.30</td>
<td>16.90</td>
<td>-1.92</td>
<td>-41.80</td>
<td>-140.80</td>
<td>-45.61</td>
<td>-80.92</td>
<td>-14.2349</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Asian Bearing Ltd</td>
<td>-0.61</td>
<td>-14.64</td>
<td>-52.22</td>
<td>0.62</td>
<td>2.35</td>
<td>4.12</td>
<td>-3.68</td>
<td>0.98</td>
<td>-3.68</td>
<td>-15.99</td>
<td>-47.11</td>
<td>-0.8241</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Nirlon Ltd</td>
<td>-10.00</td>
<td>-8.17</td>
<td>19.04</td>
<td>-12.51</td>
<td>-3.53</td>
<td>-0.32</td>
<td>-15.82</td>
<td>-18.15</td>
<td>-18.33</td>
<td>-10.65</td>
<td>-1.6342</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>India Polymers Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.6078</td>
</tr>
<tr>
<td>6</td>
<td>Priyadarshini Cements Ltd</td>
<td>-13.10</td>
<td>2.83</td>
<td>1.61</td>
<td>0.62</td>
<td>9.82</td>
<td>9.52</td>
<td>12.91</td>
<td>8.04</td>
<td>4.65</td>
<td>-4.75</td>
<td>1.12</td>
<td></td>
<td>0.6166</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Modi Industries Ltd</td>
<td>-6.39</td>
<td>-6.21</td>
<td>-2.20</td>
<td>-2.43</td>
<td>-6.94</td>
<td>-4.50</td>
<td>-0.37</td>
<td>1.37</td>
<td>0.40</td>
<td>-1.41</td>
<td>0.5606</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Munjal Auto Industries Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-12.93</td>
<td>-17.55</td>
<td>-15.64</td>
<td>-20.46</td>
<td>-21.60</td>
<td>7.01</td>
<td>6.82</td>
<td></td>
<td>3.6575</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Shiva Suitings Ltd</td>
<td>1.70</td>
<td></td>
<td></td>
<td></td>
<td>-23.81</td>
<td>-91.25</td>
<td>-100</td>
<td>-100</td>
<td>-33.33</td>
<td>-40.00</td>
<td></td>
<td></td>
<td></td>
<td>-8.9458</td>
</tr>
<tr>
<td>10</td>
<td>Scooters India Ltd</td>
<td>-252.52</td>
<td>-291.84</td>
<td>-190.97</td>
<td>-180.38</td>
<td>-121.43</td>
<td>10.49</td>
<td>10.57</td>
<td>5.77</td>
<td>5.57</td>
<td>5.26</td>
<td>36.913</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Saregama India Ltd</td>
<td>0.92</td>
<td>3.25</td>
<td>2.03</td>
<td>2.01</td>
<td>9.78</td>
<td>3.85</td>
<td>4.41</td>
<td>2.74</td>
<td>3.67</td>
<td>4.79</td>
<td>9.67</td>
<td>0.4629</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>GTC Industries Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.28</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Kings Chemicals &amp; Distillers Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>17.591</td>
</tr>
<tr>
<td>14</td>
<td>Dynavision Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-1.396</td>
</tr>
<tr>
<td>15</td>
<td>Incab Industries Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-17.545</td>
</tr>
<tr>
<td>16</td>
<td>Coromandal Cements Ltd</td>
<td>2.76</td>
<td>2.82</td>
<td>4.48</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.88</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Bhoruka Aluminium Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Metal Box Ltd</td>
<td>-92.41</td>
<td>-26.46</td>
<td>-27.08</td>
<td>-38.24</td>
<td>-16.63</td>
<td>-32.12</td>
<td>-43.34</td>
<td>-57.06</td>
<td>-104.23</td>
<td>-128.72</td>
<td>-5.0452</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Aluminium Industries Ltd</td>
<td>-66.61</td>
<td>-34.08</td>
<td>-3.90</td>
<td>-9.93</td>
<td>-13.11</td>
<td>-12.61</td>
<td>-34.62</td>
<td>-86.12</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-2.0069</td>
<td></td>
</tr>
</tbody>
</table>

(Table Continued......)
Table 5.1 Continued

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>South India Wire Ropes Ltd</td>
<td>-21.57</td>
<td>-7.57</td>
<td>-10.30</td>
<td>-33.19</td>
<td>-60.77</td>
<td>-2.98</td>
<td>-18.08</td>
<td>-60.22</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-3.9183</td>
</tr>
<tr>
<td>24</td>
<td>Elecra Substrates Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-54.17</td>
<td>-65.53</td>
<td>-85.24</td>
<td>-126.68</td>
<td>-289.92</td>
<td>-53.265</td>
</tr>
<tr>
<td>25</td>
<td>Steel and Industrial Forgings Ltd</td>
<td>-25.84</td>
<td>-31.22</td>
<td>-0.80</td>
<td>5.48</td>
<td>11.88</td>
<td>10.69</td>
<td>7.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6.965</td>
</tr>
<tr>
<td>26</td>
<td>The Travancore Sugars and Chemicals Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6.1321</td>
</tr>
<tr>
<td>27</td>
<td>Transformers and Electricals Kerala Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.24</td>
<td>2.04</td>
<td>1.93</td>
<td>-15.64</td>
<td>-36.18</td>
<td>-9.652</td>
</tr>
<tr>
<td>29</td>
<td>Raj Prakash Chemicals Ltd</td>
<td>-14.22</td>
<td>-46.05</td>
<td>-3.56</td>
<td>-40.96</td>
<td>-181.18</td>
<td>-140.70</td>
<td>-99.02</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-22.19</td>
</tr>
<tr>
<td>30</td>
<td>Modern Dairies Ltd</td>
<td>-3.72</td>
<td>-1.95</td>
<td>0.67</td>
<td>0.12</td>
<td>1.21</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.193</td>
</tr>
<tr>
<td>31</td>
<td>Zenith Ltd</td>
<td>-11.38</td>
<td>-11.78</td>
<td>-12.04</td>
<td>-7.93</td>
<td>-6.53</td>
<td>4.52</td>
<td>5.72</td>
<td>0.35</td>
<td>-8.38</td>
<td>-6.48</td>
<td></td>
<td></td>
<td></td>
<td>1.1021</td>
</tr>
<tr>
<td>32</td>
<td>Maharsntra Explosives Ltd</td>
<td>-14.59</td>
<td>-8.00</td>
<td>-10.87</td>
<td>-14.98</td>
<td>-60.77</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-9.934</td>
</tr>
<tr>
<td>33</td>
<td>Bhakuka Steels Ltd</td>
<td>-14.02</td>
<td>-24.20</td>
<td>-25.08</td>
<td>-3.84</td>
<td>-12.28</td>
<td>9.52</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.3721</td>
</tr>
<tr>
<td>34</td>
<td>Mardia Steel Ltd</td>
<td>-57.54</td>
<td>-28.60</td>
<td>-18.33</td>
<td>-8.29</td>
<td>-40.02</td>
<td>5.53</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>35</td>
<td>Annapurna Foils Ltd</td>
<td>-34.85</td>
<td>-27.38</td>
<td>-5.67</td>
<td>0.53</td>
<td>-1.97</td>
<td>0.20</td>
<td>-16.51</td>
<td>-33.49</td>
<td>-45.32</td>
<td>-1.3753</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>36</td>
<td>Gujarat Steel Tubes Ltd</td>
<td>-1.67</td>
<td>-13.96</td>
<td>-330.34</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-164.335</td>
</tr>
<tr>
<td>37</td>
<td>Ipi Steel Ltd</td>
<td>-2.61</td>
<td>-17.80</td>
<td>-0.07</td>
<td>-4.49</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.665</td>
</tr>
<tr>
<td>38</td>
<td>Shree Karthik Papers Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-57.03</td>
<td>-96.92</td>
<td>-128.76</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-35.865</td>
</tr>
<tr>
<td>39</td>
<td>Dunlop India Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-35.58</td>
<td>-452.80</td>
<td>-1832.7</td>
<td>-115.42</td>
<td></td>
<td></td>
<td></td>
<td>-161.942</td>
<td></td>
</tr>
<tr>
<td>40</td>
<td>Carona Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-168.50</td>
<td>-114.31</td>
<td>-233.06</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-32.28</td>
<td></td>
</tr>
</tbody>
</table>

Source: Annual Reports.
Among the 40 sick companies selected for the study, only five companies were able to come out of the 'purview of the BIFR' after making their networth positive. But the positive trend in the Net Profit Ratio in 19 companies showed that the implementation of the rehabilitation schemes helped 14 more companies to improve their profitability after implementing the rehabilitation schemes. The negative trend in the Net Profit Ratio in 21 companies reflected the failure of the implementation of the rehabilitation schemes in those cases.

5.2.2. Return on Investment

The efficiency of a business unit can be measured by relating the profit earned to the investment made for earning it. It measures how well the resources of a business are being used. The higher the ratio, the better is the result. Return on Investment (ROI)\(^5\) relates Earnings Before Interest and Taxes (EBIT) to investments in fixed assets and current assets. It measures the business performance not affected by interest charges and tax payments.

The ROI can be effectively used to analyse the operating efficiency of a sick unit after implementing the rehabilitation scheme sanctioned by the BIFR. A positive trend\(^6\) in ROI during the implementation of the rehabilitation scheme denotes improvement in the operating efficiency of the business unit and success in implementing the rehabilitation scheme. The Return on Investments of 40 sick companies, which implemented the rehabilitation schemes sanctioned by the BIFR, have been calculated and the trend\(^5\) is given in Table 5.2.

\(^5\) Return on Investment = EBIT/ Fixed Assets + Current Assets.

\(^6\) The trend is calculated by using the formula \(y = a + bx\) where, 
\(y = \text{Ratio, } b = \text{Trend value, } x = \text{Year and } a = \text{Constant.}\)
Table 5.2:- Return on Investment of Sick Companies

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Andhra Cements Ltd</td>
<td>-26</td>
<td>-20</td>
<td>-24</td>
<td>-20</td>
<td>.05</td>
<td>.07</td>
<td>0</td>
<td>-.08</td>
<td>-17</td>
<td>.08</td>
<td></td>
<td></td>
<td></td>
<td>0.0284</td>
</tr>
<tr>
<td>2</td>
<td>Binny Ltd</td>
<td>-03</td>
<td>-04</td>
<td>-10</td>
<td>-07</td>
<td>.06</td>
<td>0</td>
<td>-16</td>
<td>.07</td>
<td>-03</td>
<td>-0.0002</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Asian Bearings Ltd</td>
<td>.07</td>
<td>.01</td>
<td>.08</td>
<td>.14</td>
<td>.15</td>
<td>.13</td>
<td>.09</td>
<td>.05</td>
<td>.04</td>
<td>-.06</td>
<td></td>
<td></td>
<td></td>
<td>-0.0069</td>
</tr>
<tr>
<td>4</td>
<td>Nirlon Ltd</td>
<td>.05</td>
<td>.05</td>
<td>.04</td>
<td>.01</td>
<td>-0.03</td>
<td>.05</td>
<td>.07</td>
<td>-0.07</td>
<td>-0.04</td>
<td>-0.09</td>
<td></td>
<td></td>
<td></td>
<td>-0.0154</td>
</tr>
<tr>
<td>5</td>
<td>India Polyfibres Ltd</td>
<td>-.04</td>
<td>13</td>
<td>.18</td>
<td>-.06</td>
<td>-.02</td>
<td>-.09</td>
<td>-.02</td>
<td>.04</td>
<td>.03</td>
<td>-.007</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Priyadarshini Cements Ltd</td>
<td>.18</td>
<td>.16</td>
<td>.16</td>
<td>.29</td>
<td>.35</td>
<td>.38</td>
<td>.28</td>
<td>.16</td>
<td>.07</td>
<td>.15</td>
<td></td>
<td></td>
<td></td>
<td>-0.0054</td>
</tr>
<tr>
<td>7</td>
<td>Modi Industries Ltd</td>
<td>.01</td>
<td>.01</td>
<td>-.04</td>
<td>0</td>
<td>0</td>
<td>.04</td>
<td>.02</td>
<td>0</td>
<td>-.01</td>
<td>-.02</td>
<td></td>
<td></td>
<td></td>
<td>-.0009</td>
</tr>
<tr>
<td>8</td>
<td>Munjal Auto Industries Ltd</td>
<td>-.01</td>
<td>-.09</td>
<td>-.11</td>
<td>-.15</td>
<td>-.19</td>
<td>-.19</td>
<td>-.11</td>
<td>-.14</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.0275</td>
</tr>
<tr>
<td>9</td>
<td>Shiva Suitings Ltd</td>
<td>.02</td>
<td>.02</td>
<td>-.18</td>
<td>-.02</td>
<td>-.01</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.006</td>
</tr>
<tr>
<td>10</td>
<td>Scooters India Ltd</td>
<td>-.47</td>
<td>-.47</td>
<td>-.12</td>
<td>-.07</td>
<td>-.01</td>
<td>.22</td>
<td>.15</td>
<td>-.01</td>
<td>.04</td>
<td>.01</td>
<td></td>
<td></td>
<td></td>
<td>0.0566</td>
</tr>
<tr>
<td>11</td>
<td>Saregama India Ltd</td>
<td>.15</td>
<td>.11</td>
<td>.12</td>
<td>.09</td>
<td>.14</td>
<td>.07</td>
<td>.04</td>
<td>.03</td>
<td>.01</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.0170</td>
</tr>
<tr>
<td>12</td>
<td>GTC Industries Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.04</td>
<td>.03</td>
<td>.06</td>
<td>0.01</td>
</tr>
<tr>
<td>13</td>
<td>Kings Chemicals &amp; Distillers Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.005</td>
</tr>
<tr>
<td>14</td>
<td>Dynavision Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.07</td>
<td>.12</td>
<td>.10</td>
<td>.09</td>
</tr>
<tr>
<td>15</td>
<td>Incab Industries Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Coromandal Cements Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-.13</td>
<td>-.13</td>
<td>-.12</td>
<td>0</td>
</tr>
<tr>
<td>17</td>
<td>Bhoruka Aluminium Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-.37</td>
<td>-.28</td>
<td>.05</td>
<td>.10</td>
</tr>
<tr>
<td>18</td>
<td>Travancore Rayons Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-.07</td>
<td>.05</td>
<td>21</td>
<td>.25</td>
</tr>
<tr>
<td>19</td>
<td>Metal Box Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-.06</td>
<td>-.06</td>
<td>-.11</td>
<td>-.10</td>
</tr>
<tr>
<td>20</td>
<td>Aluminium Industries Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-.3</td>
<td>-.19</td>
<td>.06</td>
<td>-.01</td>
</tr>
</tbody>
</table>

(Table Continued.....)
### Table 5.2 Continued

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>South India Wire ropes Ltd</td>
<td>.01</td>
<td>.02</td>
<td>.08</td>
<td>.04</td>
<td>.10</td>
<td>.21</td>
<td>.02</td>
<td>.49</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-.0295</td>
</tr>
<tr>
<td>22</td>
<td>Kerala Minerals &amp; Metals Ltd</td>
<td></td>
<td>16</td>
<td>.61</td>
<td>.76</td>
<td>.82</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.213</td>
</tr>
<tr>
<td>23</td>
<td>Pigments India Ltd</td>
<td>-.02</td>
<td>.03</td>
<td>.07</td>
<td>.02</td>
<td>.03</td>
<td>.05</td>
<td>.04</td>
<td>.10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-.0157</td>
</tr>
<tr>
<td>24</td>
<td>Elecra Substrates Ltd</td>
<td>-.11</td>
<td>.06</td>
<td>.04</td>
<td>.04</td>
<td>.05</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.014</td>
</tr>
<tr>
<td>25</td>
<td>Steel and Industrial Forgings Ltd</td>
<td></td>
<td></td>
<td>.01</td>
<td>.03</td>
<td>.03</td>
<td>.04</td>
<td>.10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.022</td>
</tr>
<tr>
<td>26</td>
<td>The Travancore Sugars &amp; Chemicals Ltd</td>
<td>-.26</td>
<td>-.31</td>
<td>-.53</td>
<td>-.48</td>
<td>-.40</td>
<td>-.04</td>
<td>.07</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.0593</td>
</tr>
<tr>
<td>27</td>
<td>Transformers and Electricals Kerala Ltd</td>
<td>.07</td>
<td>.12</td>
<td>.08</td>
<td>-.02</td>
<td>-.15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-.058</td>
</tr>
<tr>
<td>28</td>
<td>Hindustani Cylinder Co. Ltd</td>
<td></td>
<td></td>
<td>.03</td>
<td>-.26</td>
<td>-.24</td>
<td>-.35</td>
<td>-.37</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-.089</td>
</tr>
<tr>
<td>29</td>
<td>Raj Prakash Chemicals Ltd</td>
<td>.10</td>
<td>.11</td>
<td>.02</td>
<td>-.17</td>
<td>-.19</td>
<td>-.15</td>
<td>-.12</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-.0339</td>
</tr>
<tr>
<td>30</td>
<td>Modern Dairies Ltd</td>
<td></td>
<td></td>
<td>.06</td>
<td>.12</td>
<td>.12</td>
<td>.08</td>
<td>.08</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-.0002</td>
</tr>
<tr>
<td>31</td>
<td>Zenith Ltd</td>
<td>.05</td>
<td>.05</td>
<td>-.02</td>
<td>.02</td>
<td>.12</td>
<td>.11</td>
<td>.17</td>
<td>.09</td>
<td>.03</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.0045</td>
</tr>
<tr>
<td>32</td>
<td>Maharashtra Explosives Ltd</td>
<td></td>
<td></td>
<td></td>
<td>-.13</td>
<td>-.06</td>
<td>-.07</td>
<td>-.16</td>
<td>-.32</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-.048</td>
</tr>
<tr>
<td>33</td>
<td>Bhoruka Steels Ltd</td>
<td></td>
<td></td>
<td></td>
<td>-.24</td>
<td>-.98</td>
<td>-.77</td>
<td>-.22</td>
<td>-.05</td>
<td>-.45</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.1197</td>
</tr>
<tr>
<td>34</td>
<td>Mardia Steel Ltd</td>
<td></td>
<td></td>
<td></td>
<td>-.14</td>
<td>-.03</td>
<td>-.02</td>
<td>-.01</td>
<td>-.09</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.012</td>
</tr>
<tr>
<td>35</td>
<td>Annapurna Foils Ltd</td>
<td>-.02</td>
<td>.08</td>
<td>.13</td>
<td>.10</td>
<td>.11</td>
<td>-.07</td>
<td>-.14</td>
<td>-.13</td>
<td>-.0293</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>36</td>
<td>Gujarat Steel Tubes Ltd</td>
<td></td>
<td></td>
<td></td>
<td>.03</td>
<td>-.27</td>
<td>-.57</td>
<td>-.42</td>
<td>-.40</td>
<td>-.101</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>37</td>
<td>Ipi Steel Ltd</td>
<td></td>
<td></td>
<td></td>
<td>-.01</td>
<td>-.01</td>
<td>-.01</td>
<td>-.06</td>
<td>.07</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.011</td>
</tr>
<tr>
<td>38</td>
<td>Shree Karthik Papers Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>39</td>
<td>Dunlop India Ltd</td>
<td></td>
<td></td>
<td></td>
<td>-.43</td>
<td>-.89</td>
<td>-.23</td>
<td>-.45</td>
<td>.06</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40</td>
<td>Carona Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-.59</td>
<td>-.36</td>
<td>-.37</td>
<td></td>
<td></td>
<td></td>
<td>.11</td>
</tr>
</tbody>
</table>

Source: Annual Reports.
The table shows that among the 40 companies, only in 18 companies the ROI showed a positive trend. This shows that the implementation of the rehabilitation schemes were effective in improving the operating efficiency only in 45 percent cases. In the case of 22 companies the ratio showed a negative trend reflecting the failure of the rehabilitation schemes in improving the operating efficiency in 55 percent cases.

5.3 Evaluation of the Short-term Solvency of Companies

A firm should be able to meet its financial obligations as and when they become due. The failure of a firm to meet its financial obligations due to lack of sufficient liquidity, will result in bad credit rating, loss of creditors' confidence or even in law suits resulting in the closure of the company (Panday, 1980, 428). In fact, liquidity is a prerequisite for the very survival of a firm. The liquidity ratios measure the ability of a firm to meet its short-term obligations and reflect the short-term financial strength/solvency of a firm (Khan and Jain, 1981, 118-119). Net Working Capital representing the excess of current assets over current liabilities is the best measure to evaluate the short-term solvency of a firm. A good indicator is the Current Ratio. It indicates the amount of current assets available for each rupee of current liability. The higher the ratio, the larger the amount of rupees available per rupee of current liability; the more the firm’s ability to meet current obligations and greater the safety of funds of short-term creditors (Khan and Jain, 1981, 121). The Current Ratios of 40 sick companies after reporting to the BIFR and the trend have been calculated and given in Table 5.3.

\[ \text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} \]

Current Assets include cash and bank balance, marketable securities, inventory of raw materials, semi finished and finished goods, and debtors net of provision for bad and doubtful debts, bill receivables and prepaid expenses. Current Liabilities consist of short-term creditors, bills payable, bank credit, provision for taxation, dividends payable and outstanding expenses.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Andhra Cements Ltd</td>
<td>0.85</td>
<td>0.87</td>
<td>0.40</td>
<td>0.28</td>
<td>0.16</td>
<td>0.40</td>
<td>0.78</td>
<td>0.94</td>
<td>1.04</td>
<td>0.94</td>
<td>0.78</td>
<td>0.76</td>
<td>0.0297</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Binny Ltd</td>
<td>3.24</td>
<td>2.94</td>
<td>2.15</td>
<td>3.04</td>
<td>2.72</td>
<td>2.19</td>
<td></td>
<td></td>
<td></td>
<td>1.19</td>
<td>1.19</td>
<td>1.11</td>
<td>-0.278</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Asian Bearings Ltd</td>
<td>6.29</td>
<td>9.57</td>
<td>5.26</td>
<td>5.68</td>
<td>8.40</td>
<td>7.32</td>
<td>8.70</td>
<td>9.44</td>
<td>8.97</td>
<td>5.49</td>
<td>0.189</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Nirlon Ltd</td>
<td>2.28</td>
<td>3.43</td>
<td>5.81</td>
<td>2.71</td>
<td>3.17</td>
<td>3.25</td>
<td>2.69</td>
<td>2.14</td>
<td>1.57</td>
<td>1.19</td>
<td>-0.2495</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>India Polyfibres Ltd</td>
<td>1.99</td>
<td>2.43</td>
<td>2.24</td>
<td>1.90</td>
<td>2.01</td>
<td>1.43</td>
<td>1.68</td>
<td>5.45</td>
<td>2.79</td>
<td></td>
<td></td>
<td>0.1947</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Priyadarshini Cements Ltd</td>
<td>6.05</td>
<td>6.33</td>
<td>4.60</td>
<td>8.46</td>
<td>5.49</td>
<td>4.34</td>
<td>2.79</td>
<td>2.12</td>
<td>2.66</td>
<td>2.23</td>
<td>2.01</td>
<td>-0.5262</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Modi Industries Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.0334</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Munjal Auto Industries Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.0572</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Shiva Suitings Ltd</td>
<td>1.08</td>
<td>0.34</td>
<td>0.48</td>
<td>0.37</td>
<td>0.23</td>
<td>0.26</td>
<td>0.18</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.1111</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Scooters India Ltd</td>
<td>0.86</td>
<td>0.91</td>
<td>0.96</td>
<td>0.98</td>
<td>1.04</td>
<td>1.83</td>
<td>2.18</td>
<td>2.49</td>
<td>3.11</td>
<td>3.09</td>
<td>0.2879</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Saregama India Ltd</td>
<td>0.74</td>
<td>0.80</td>
<td>1.01</td>
<td>1.51</td>
<td>1.31</td>
<td>1.27</td>
<td>1.42</td>
<td>1.32</td>
<td>1.35</td>
<td>1.36</td>
<td>1.41</td>
<td>2.20</td>
<td>2.48</td>
<td>0.1088</td>
</tr>
<tr>
<td>12</td>
<td>GTC Industries Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.123</td>
</tr>
<tr>
<td>13</td>
<td>Kings Chemicals &amp; Distillers Ltd</td>
<td>1.50</td>
<td>1.26</td>
<td>1.12</td>
<td>0.86</td>
<td>0.65</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.21</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Dynavision Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.97</td>
</tr>
<tr>
<td>15</td>
<td>Incab Industries Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.12</td>
</tr>
<tr>
<td>16</td>
<td>Coromandal Cements Ltd</td>
<td>1.85</td>
<td>2.48</td>
<td>2.88</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.1446</td>
</tr>
<tr>
<td>17</td>
<td>Bhoruka Aluminium Ltd</td>
<td>0.18</td>
<td>0.00</td>
<td>0.81</td>
<td>1.30</td>
<td>1.09</td>
<td>1.29</td>
<td>1.47</td>
<td>2.291</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Travancore Rayons Ltd</td>
<td>1.24</td>
<td>1.84</td>
<td>1.78</td>
<td>1.79</td>
<td>2.05</td>
<td>2.23</td>
<td>1.70</td>
<td>1.08</td>
<td>0.86</td>
<td>0.90</td>
<td>0.64</td>
<td>0.45</td>
<td>-0.1137</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Metal Box Ltd</td>
<td>1.57</td>
<td>1.32</td>
<td>1.21</td>
<td>1.09</td>
<td>0.99</td>
<td>0.91</td>
<td>0.80</td>
<td>0.63</td>
<td>0.60</td>
<td>0.56</td>
<td></td>
<td></td>
<td>-0.0657</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Aluminium Industries Ltd</td>
<td>0.96</td>
<td>1.22</td>
<td>1.73</td>
<td>1.60</td>
<td>1.39</td>
<td>1.31</td>
<td>1.22</td>
<td>0.78</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.0325</td>
<td></td>
</tr>
</tbody>
</table>

(Table Continued....)
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>South India Wire ropes Ltd</td>
<td>1.94</td>
<td>1.99</td>
<td>2.00</td>
<td>1.89</td>
<td>1.73</td>
<td>1.43</td>
<td>1.97</td>
<td>1.72</td>
<td>0.96</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.0892</td>
</tr>
<tr>
<td>22</td>
<td>Kerala Minerals &amp; Metals Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5.03</td>
<td>3.16</td>
<td>2.37</td>
<td>1.64</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-1.096</td>
</tr>
<tr>
<td>23</td>
<td>Pigments India Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.17</td>
<td>1.52</td>
<td>1.56</td>
<td>1.46</td>
<td>1.21</td>
</tr>
<tr>
<td>24</td>
<td>Elecon Substrates Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6.63</td>
<td>3.56</td>
<td>1.78</td>
<td>1.88</td>
<td>1.65</td>
</tr>
<tr>
<td>25</td>
<td>Steel and Industrial Forgings Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.87</td>
<td>1.47</td>
<td>1.82</td>
<td>2.24</td>
<td>2.42</td>
<td>2.59</td>
<td>3.38</td>
<td></td>
<td></td>
<td>0.2632</td>
</tr>
<tr>
<td>26</td>
<td>The Travancore Sugars and Chemicals Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.75</td>
<td>0.83</td>
<td>0.60</td>
<td>0.48</td>
<td>0.44</td>
<td>0.42</td>
<td>0.54</td>
<td></td>
<td></td>
<td>-0.0575</td>
</tr>
<tr>
<td>27</td>
<td>Transformers and Electricals Kerala Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.67</td>
<td>2.01</td>
<td>1.98</td>
<td>1.86</td>
<td>1.90</td>
<td>0.031</td>
</tr>
<tr>
<td>28</td>
<td>Hindustani Cylinder Co. Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.32</td>
<td>1.99</td>
<td>1.02</td>
<td>1.03</td>
<td>0.93</td>
<td>0.79</td>
<td></td>
<td></td>
<td>-0.3091</td>
</tr>
<tr>
<td>29</td>
<td>Raj Prakash Chemicals Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.31</td>
<td>1.18</td>
<td>1.33</td>
<td>0.84</td>
<td>0.48</td>
<td>0.31</td>
<td>0.33</td>
<td></td>
<td>-0.1975</td>
</tr>
<tr>
<td>30</td>
<td>Modern Dairies Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.14</td>
<td>3.65</td>
<td>3.69</td>
<td>3.61</td>
<td>3.09</td>
<td>-0.014</td>
</tr>
<tr>
<td>31</td>
<td>Zenith Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.42</td>
<td>1.98</td>
<td>3.55</td>
<td>1.89</td>
<td>1.01</td>
<td>2.44</td>
<td>1.84</td>
<td>1.81</td>
<td>1.92</td>
<td>1.73</td>
</tr>
<tr>
<td>32</td>
<td>Maharashtra Explosives Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.40</td>
<td>1.39</td>
<td>1.32</td>
<td>1.12</td>
<td>0.68</td>
<td></td>
</tr>
<tr>
<td>33</td>
<td>Bhuruka Steels Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.94</td>
<td>0.70</td>
<td>0.64</td>
<td>0.69</td>
<td>0.62</td>
<td>0.65</td>
</tr>
<tr>
<td>34</td>
<td>Mardia Steel Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.93</td>
<td>0.76</td>
<td>0.69</td>
<td>0.65</td>
<td>0.65</td>
<td>0.30</td>
</tr>
<tr>
<td>35</td>
<td>Annarpurna Foils Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.48</td>
<td>1.84</td>
<td>2.47</td>
<td>2.28</td>
<td>1.07</td>
<td>1.84</td>
<td>1.15</td>
<td>0.64</td>
<td>0.50</td>
<td>-0.2433</td>
</tr>
<tr>
<td>36</td>
<td>Gujarat Steel Tubes Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.72</td>
<td>0.88</td>
<td>0.36</td>
<td>0.24</td>
<td>0.19</td>
<td></td>
</tr>
<tr>
<td>37</td>
<td>Jsp Steel Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.29</td>
<td>1.45</td>
<td>1.23</td>
<td>1.16</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.69</td>
</tr>
<tr>
<td>38</td>
<td>Shree Kartik Papers Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.66</td>
<td>1.44</td>
<td>1.07</td>
<td></td>
<td></td>
</tr>
<tr>
<td>39</td>
<td>Dunlop India Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.59</td>
<td>0.34</td>
<td>0.27</td>
<td>0.26</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40</td>
<td>Corona Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.72</td>
<td>0.60</td>
<td>0.45</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Annual Reports.
The Current Ratio and the trend can be used to evaluate the effectiveness of the rehabilitation schemes sanctioned by the BIFR. Any improvement in the short-term financial strength/solvency of sick industrial undertakings shows the success in implementing the rehabilitation schemes.

Table 5.3 shows that the Current Ratio showed a positive trend only in 11 companies whereas the trend is negative in 29 cases. It indicated that the rehabilitation schemes were effective in improving the short-term solvency position only in 27.5 percent companies whereas in 72.5 percent cases the short-term solvency position continued to decline even after implementing the rehabilitation schemes.

5.4 Evaluation of the Long Term Solvency Position of Companies

The use of borrowed funds to improve the earnings to equity shareholders is considered a prudent financial policy. Healthy companies borrow out of choice; weak units borrow out of necessity to tide over drain in financial resources. The extent of the use of funds provided by the owners as well as creditors in the total assets is a significant factor affecting the long-term solvency position of a firm. Excessive external equity tends to cause insolvency (Gupta, 1990, 87). The long-term financial strength of a company can be judged in terms of its ability to repay the instalments of principal on due dates or in one lump sum at maturity (Khan and Jain, 1981, 123).

Sick industrial undertakings reported to the BIFR after the erosion of their total networth faces a threat to their solvency due to huge accumulation of debt. Increase in debt increases the debt-servicing obligation, which adversely affects the operating efficiency of the units. Hence the rehabilitation schemes give emphasis to improve the financial strength of the units by reducing debt by One Time Settlement (OTS) of dues with own funds or making arrangements for the
easy repayment of debt by rescheduling them at concessional rate of interest waiving all penal charges and penal interest.

The implementation of the rehabilitation scheme aims to bring back the sick units to normal health by improving their operating efficiency and financial position. The Debt-Equity Ratio and the Interest Service Ratio can be effectively used to evaluate whether the implementation of the rehabilitation schemes helped the companies to improve their long-term solvency position.

5.4.1 Debt-Equity Ratio

The total assets of a business concern are financed by the owner's equity as well as outside debt. There should be an ideal relationship between total assets, owners' equity and outside debt to ensure long-term solvency of a firm. The Debt-Equity Ratio\(^8\) shows this relationship. This ratio reflects the relative claims of creditors and shareholders against the assets of the firm. The higher the ratio, the greater is the possibility of increasing the rate of return to the equity so long as the cost of debt is lower than the rate of return on investment.

The Debt-Equity Ratio can be used to evaluate the effectiveness of the implementation of the rehabilitation schemes sanctioned by the BIFR. The decline in the ratio shows decline in debt financing and improvement in the financial position of the unit. To evaluate whether the implementation of the rehabilitation schemes sanctioned by the BIFR were effective in improving the financial position of the sick units, the Debt-Equity Ratios of 40 sick units have been calculated and the trend is given in Table 5.4.

---

\(^8\) Debt-Equity Ratio = Long Term Debt / Shareholders' Equity.
Table 5.4: Debt-Equity Ratio of Sick Companies

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Andhra Cements Ltd</td>
<td>8.72</td>
<td>10.03</td>
<td>11.75</td>
<td>13.66</td>
<td>13.51</td>
<td>15.24</td>
<td>9.78</td>
<td>5.24</td>
<td>4.45</td>
<td>4.65</td>
<td>4.71</td>
<td>4.71</td>
<td>-0.764</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Binmy Ltd</td>
<td>19.93</td>
<td>10.65</td>
<td>8.26</td>
<td>5.03</td>
<td>6.07</td>
<td>6.63</td>
<td>8.39</td>
<td>9.10</td>
<td>9.84</td>
<td>-0.7015</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Asian Bearings Ltd</td>
<td>4.33</td>
<td>4.82</td>
<td>5.46</td>
<td>3.53</td>
<td>3.65</td>
<td>3.69</td>
<td>3.77</td>
<td>3.86</td>
<td>3.95</td>
<td>4.44</td>
<td>-0.0748</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Nirlon Ltd</td>
<td>11.36</td>
<td>13.04</td>
<td>9.45</td>
<td>1.96</td>
<td>2.03</td>
<td>2.02</td>
<td>2.15</td>
<td>2.27</td>
<td>2.45</td>
<td>1.19</td>
<td>-1.2182</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>India Polytexes Ltd</td>
<td>3.30</td>
<td>4.05</td>
<td>4.85</td>
<td>5.19</td>
<td>3.25</td>
<td>3.35</td>
<td>3.67</td>
<td>1.69</td>
<td>0.23</td>
<td>0.23</td>
<td>-0.2337</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Priyadarshini Cements Ltd</td>
<td>4.95</td>
<td>4.96</td>
<td>3.80</td>
<td>3.80</td>
<td>3.13</td>
<td>2.17</td>
<td>1.35</td>
<td>1.04</td>
<td>1.25</td>
<td>7.71</td>
<td>7.53</td>
<td>0.1105</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Modi Industries Ltd</td>
<td>18.17</td>
<td>20.29</td>
<td>22.95</td>
<td>24.98</td>
<td>25.79</td>
<td>29.50</td>
<td>29.40</td>
<td>25.52</td>
<td>25.58</td>
<td>25.55</td>
<td>26.28</td>
<td>0.1290</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Munjal Auto Industries Ltd</td>
<td>4.26</td>
<td>3.33</td>
<td>2.18</td>
<td>2.40</td>
<td>0.81</td>
<td>2.60</td>
<td>3.12</td>
<td>-0.2232</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Shiva Suits Ltd</td>
<td>3.86</td>
<td>3.69</td>
<td>4.04</td>
<td>4.04</td>
<td>4.04</td>
<td>0.443</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Scooters India Ltd</td>
<td>39.52</td>
<td>47.43</td>
<td>61.17</td>
<td>71.78</td>
<td>83.91</td>
<td>3.28</td>
<td>0.47</td>
<td>0.58</td>
<td>-7.9633</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Saregama India Ltd</td>
<td>4.58</td>
<td>4.92</td>
<td>5.47</td>
<td>6.62</td>
<td>7.23</td>
<td>1.20</td>
<td>0.96</td>
<td>2.05</td>
<td>2.75</td>
<td>3.10</td>
<td>-0.4159</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>GTC Industries Ltd</td>
<td>10.09</td>
<td>11.75</td>
<td>12.78</td>
<td>11.14</td>
<td>0.418</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Kings Chemicals and Distillers Ltd</td>
<td>3.53</td>
<td>3.96</td>
<td>4.12</td>
<td>4.23</td>
<td>4.30</td>
<td>0.181</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Dygansion Ltd</td>
<td>9.66</td>
<td>9.21</td>
<td>8.94</td>
<td>8.29</td>
<td>7.70</td>
<td>-0.484</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Incah Industries Ltd</td>
<td>2.00</td>
<td>3.09</td>
<td>4.27</td>
<td>1.193</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Coromandal Cements Ltd</td>
<td>5.94</td>
<td>6.43</td>
<td>6.27</td>
<td>5.14</td>
<td>5.36</td>
<td>2.54</td>
<td>-0.5098</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Bhoruka Aluminium Ltd</td>
<td>2.16</td>
<td>1.51</td>
<td>6.80</td>
<td>0.64</td>
<td>2.92</td>
<td>2.53</td>
<td>2.024</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Travancore Rayons Ltd</td>
<td>11.38</td>
<td>13.43</td>
<td>10.07</td>
<td>10.91</td>
<td>11.04</td>
<td>11.00</td>
<td>10.19</td>
<td>10.51</td>
<td>11.57</td>
<td>11.25</td>
<td>12.74</td>
<td>0.0085</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Metal Box Ltd</td>
<td>4.08</td>
<td>5.75</td>
<td>6.68</td>
<td>7.75</td>
<td>7.81</td>
<td>7.84</td>
<td>7.83</td>
<td>4.78</td>
<td>4.75</td>
<td>3.38</td>
<td>-0.0495</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Aluminium Industries Ltd</td>
<td>13.32</td>
<td>10.65</td>
<td>6.71</td>
<td>7.08</td>
<td>6.75</td>
<td>6.28</td>
<td>6.58</td>
<td>-1.0329</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Table Continued......)
### Table 5.4 Continued

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>South India Wire ropes Ltd</td>
<td>11.32</td>
<td>12.81</td>
<td>10.97</td>
<td>9.83</td>
<td>10.68</td>
<td>11.60</td>
<td>12.48</td>
<td>13.20</td>
<td>14.05</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.2813</td>
</tr>
<tr>
<td>22</td>
<td>Kerala Minerals &amp; Metals Ltd</td>
<td>4.93</td>
<td>2.88</td>
<td>1.80</td>
<td>0.04</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-1.5725</td>
</tr>
<tr>
<td>23</td>
<td>Pigments India Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7.13</td>
<td>7.96</td>
<td>8.74</td>
<td>9.37</td>
<td>9.73</td>
<td></td>
<td>0.661</td>
</tr>
<tr>
<td>24</td>
<td>Elecro Substrates Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4.47</td>
<td>48.0</td>
<td>5.38</td>
<td>5.96</td>
<td>6.60</td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Steel and Industrial Forgings Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4.15</td>
<td>4.51</td>
<td>7.84</td>
<td>2.75</td>
<td>2.13</td>
<td>1.86</td>
<td>2.18</td>
<td></td>
<td></td>
<td>-0.4971</td>
</tr>
<tr>
<td>26</td>
<td>The Travancore Sugars and Chemicals Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.69</td>
<td>2.27</td>
<td>3.84</td>
<td>6.25</td>
<td>0.87</td>
<td>0.81</td>
<td></td>
<td></td>
<td></td>
<td>-0.1769</td>
</tr>
<tr>
<td>27</td>
<td>Transformers and Electricals Kerala Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11.60</td>
<td>9.17</td>
<td>11.60</td>
</tr>
<tr>
<td>28</td>
<td>Hindustani Cylinder Co. Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.71</td>
<td>3.72</td>
<td>4.95</td>
<td>5.42</td>
<td>6.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>Raj Prakash Chemicals Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6.88</td>
<td>7.68</td>
<td>7.68</td>
<td>6.01</td>
<td>6.73</td>
<td>7.41</td>
<td>8.13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>Modern Dairies Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.37</td>
<td>2.82</td>
<td>1.90</td>
<td>1.85</td>
<td>1.99</td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>Zenith Ltd</td>
<td>13.26</td>
<td>7.11</td>
<td>6.34</td>
<td>5.79</td>
<td>5.78</td>
<td>16.22</td>
<td>12.34</td>
<td>9.17</td>
<td>1.56</td>
<td>1.83</td>
<td>1.95</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>Maharashtra Explosives Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3.10</td>
<td>3.34</td>
<td>3.59</td>
<td>3.38</td>
<td>3.15</td>
<td></td>
</tr>
<tr>
<td>33</td>
<td>Bhoruka Steels Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7.37</td>
<td>9.94</td>
<td>9.65</td>
<td>9.65</td>
<td>9.66</td>
<td>9.57</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>34</td>
<td>Mardia Steel Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7.35</td>
<td>7.08</td>
<td>7.13</td>
<td>7.18</td>
<td>7.18</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>35</td>
<td>Annapurna Foils Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5.53</td>
<td>5.88</td>
<td>3.67</td>
<td>3.51</td>
<td>3.45</td>
<td>3.33</td>
<td>3.16</td>
<td>3.09</td>
<td>3.32</td>
<td></td>
</tr>
<tr>
<td>36</td>
<td>Gujarat Steel Tubes Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4.08</td>
<td>3.26</td>
<td>3.30</td>
<td>3.51</td>
<td>3.99</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>37</td>
<td>Ipi Steel Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7.11</td>
<td>6.95</td>
<td>5.32</td>
<td>2.44</td>
<td></td>
<td>1.14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>38</td>
<td>Shree Karthik Papers Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.26</td>
<td>1.54</td>
<td>1.82</td>
<td>2.12</td>
<td>2.52</td>
<td>3.02</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>39</td>
<td>Dunlop India Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4.44</td>
<td>6.00</td>
<td>6.51</td>
<td>8.62</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.305</td>
</tr>
<tr>
<td>40</td>
<td>Carona Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.39</td>
<td>1.49</td>
<td>1.56</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.085</td>
</tr>
</tbody>
</table>

Source: Annual Reports.
Among the 40 companies, the Debt-Equity Ratio showed a negative trend\(^9\) in 20 companies, including four companies declared successful by the BIFR. It showed that the reduction in debt helped to improve the financial position of 50 percent companies. The ratio showed a positive trend in 20 companies indicating the increased use of debt and the decline in their long-term solvency position due to the failure of the rehabilitation schemes in generating adequate internal surpluses.

5.4.2 Interest Service Ratio

The soundness of a firm from the viewpoint of long-term creditors lies in its ability to service their claims. Interest Service Ratio\(^10\) is used to measure the debt servicing ability of a firm in so far as the fixed interest on long-term debt is concerned. The ratio shows how many times the interest charges are covered by Earnings Before Interest and Taxes (EBIT). The higher the ratio, the better it is for the organisation. A lower ratio is a danger signal that the firm is using excessive debt and does not have the ability to offer assured payment of interest to creditors due to poor operating performance. The inability of a sick unit to mobilise own resources to recoup the cash losses incurred results in increased use of borrowed funds. The more the amount of borrowed funds, the more their service cost. The increase in the debt-servicing obligation, adversely affects the profitability of the unit. The Interest Service Ratio can be used to evaluate the effectiveness of the rehabilitation schemes in reducing the debt and interest charges thereon in improving the operating efficiency of companies. The Interest Service Ratios of 40 sick companies selected for the study have been calculated and the trend is given in Table 5.5.

---

\(^9\) The trend is calculated by using the formula \(y = a + bx\). where, 
\(y = \text{Ratio, } b = \text{Trend value, } x = \text{Year and } a = \text{Constant.}\)

\(^{10}\) Interest Service Ratio = Earnings Before Interest and Taxes/Interest Charges.
Table 5.5: Interest Service Ratio of Sick Companies

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Andhra Cements Ltd</td>
<td>-0.78</td>
<td>-0.43</td>
<td>-0.39</td>
<td>-1.02</td>
<td>0.48</td>
<td>0.67</td>
<td>-0.01</td>
<td>-0.51</td>
<td>-0.95</td>
<td>0.44</td>
<td>0.44</td>
<td>0.0604</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Binny Ltd</td>
<td>-8.29</td>
<td>2.79</td>
<td>-0.92</td>
<td>-1.11</td>
<td>-1.15</td>
<td>-1.02</td>
<td>-0.35</td>
<td>0.4149</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Asian Bearings Ltd</td>
<td>0.39</td>
<td>0.30</td>
<td>0.41</td>
<td>-0.19</td>
<td>-3.89</td>
<td>0.76</td>
<td>-0.93</td>
<td>-0.84</td>
<td>-0.32</td>
<td>-1.57</td>
<td>-0.0472</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Nirton Ltd</td>
<td>0.39</td>
<td>0.30</td>
<td>0.41</td>
<td>-0.19</td>
<td>-3.89</td>
<td>0.76</td>
<td>-0.93</td>
<td>-0.84</td>
<td>-0.32</td>
<td>-1.57</td>
<td>-0.1564</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>India Polyfibres Ltd</td>
<td>-0.12</td>
<td>0.98</td>
<td>-0.27</td>
<td>-0.08</td>
<td>-0.22</td>
<td>-0.66</td>
<td>1.19</td>
<td>1.97</td>
<td>0.102</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Priyadarshini Cements Ltd</td>
<td>1.18</td>
<td>1.14</td>
<td>1.04</td>
<td>2.04</td>
<td>3.19</td>
<td>4.17</td>
<td>3.62</td>
<td>2.22</td>
<td>0.65</td>
<td>1.05</td>
<td>0.0425</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Modi Industries Ltd</td>
<td>0.09</td>
<td>0.08</td>
<td>0.47</td>
<td>-0.07</td>
<td>-0.66</td>
<td>0.36</td>
<td>0.31</td>
<td>0.03</td>
<td>-0.43</td>
<td>-0.49</td>
<td>-0.0533</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Munjal Auto Industries Ltd</td>
<td>-0.09</td>
<td>-1.62</td>
<td>-1.61</td>
<td>-1.96</td>
<td>-2.29</td>
<td>3.15</td>
<td>3.65</td>
<td>0.7171</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Shiva Suitings Ltd</td>
<td>0.97</td>
<td>-8.00</td>
<td>-0.33</td>
<td>-7.00</td>
<td>-2.00</td>
<td>-2.00</td>
<td>-2.00</td>
<td>-0.3882</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Scooters India Ltd</td>
<td>-0.34</td>
<td>-0.27</td>
<td>-0.06</td>
<td>-0.03</td>
<td>-0.01</td>
<td>5.20</td>
<td>7.90</td>
<td>-0.17</td>
<td>3.27</td>
<td>0.98</td>
<td>0.3946</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Saregama India Ltd</td>
<td>1.37</td>
<td>1.07</td>
<td>1.02</td>
<td>1.04</td>
<td>1.39</td>
<td>0.95</td>
<td>0.46</td>
<td>-0.50</td>
<td>0.40</td>
<td>1.43</td>
<td>-0.0844</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>GTC Industries Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Kings Chemicals and Distillers Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Dynavision Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Incab Industries Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Coromandal Cements Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Bhoruka Aluminium Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Travanore Rayons Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Metal Box Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Aluminium Industries Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Table Continued....)
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>South India Wire ropes Ltd</td>
<td>-0.19</td>
<td>-0.33</td>
<td>0.45</td>
<td>0.26</td>
<td>-0.42</td>
<td>-0.70</td>
<td>0.79</td>
<td>0.06</td>
<td>-0.80</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.0258</td>
</tr>
<tr>
<td>22</td>
<td>Kerala Minerals &amp; Metals Ltd</td>
<td>0.60</td>
<td>2.03</td>
<td>4.61</td>
<td>9.26</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.865</td>
</tr>
<tr>
<td>23</td>
<td>Pigments India Ltd</td>
<td>-0.12</td>
<td>0.11</td>
<td>-0.29</td>
<td>0.01</td>
<td>-0.25</td>
<td>-0.09</td>
<td>-0.08</td>
<td>0.30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.277</td>
</tr>
<tr>
<td>24</td>
<td>Elecon Substrates Ltd</td>
<td></td>
<td>-0.22</td>
<td>-0.20</td>
<td>-0.16</td>
<td>-0.22</td>
<td>-0.22</td>
<td>-0.39</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.036</td>
</tr>
<tr>
<td>25</td>
<td>Steel &amp; Industrial Forgings Ltd</td>
<td>0.16</td>
<td>-0.04</td>
<td>1.03</td>
<td>1.67</td>
<td>3.62</td>
<td>3.62</td>
<td>5.17</td>
<td>3.59</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.8321</td>
</tr>
<tr>
<td>26</td>
<td>The Travancore Sugars &amp; Chemicals Ltd</td>
<td>-5.35</td>
<td>-6.87</td>
<td>-6.55</td>
<td>-3.55</td>
<td>-6.44</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.114</td>
</tr>
<tr>
<td>27</td>
<td>Transformers and Electricals Kerala Ltd</td>
<td>0.57</td>
<td>0.64</td>
<td>0.57</td>
<td>-0.21</td>
<td>-1.46</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.491</td>
</tr>
<tr>
<td>28</td>
<td>Hindustani Cylinder Co. Ltd</td>
<td>0.31</td>
<td>-0.47</td>
<td>-0.36</td>
<td>-0.70</td>
<td>-1.12</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.289</td>
</tr>
<tr>
<td>29</td>
<td>Raj Prakash Chemicals Ltd</td>
<td>-0.31</td>
<td>-1.13</td>
<td>0.37</td>
<td>-1.22</td>
<td>-0.99</td>
<td>-1.57</td>
<td>-0.28</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.0768</td>
</tr>
<tr>
<td>30</td>
<td>Modern Dairies Ltd</td>
<td>0.53</td>
<td>0.70</td>
<td>1.45</td>
<td>1.07</td>
<td>1.68</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.267</td>
</tr>
<tr>
<td>31</td>
<td>Zenith Ltd</td>
<td>0.16</td>
<td>0.17</td>
<td>-0.25</td>
<td>-0.12</td>
<td>0.27</td>
<td>0.93</td>
<td>1.56</td>
<td>0.66</td>
<td>-0.68</td>
<td>-0.27</td>
<td></td>
<td></td>
<td></td>
<td>0.0026</td>
</tr>
<tr>
<td>32</td>
<td>Maharashtra Explosives Ltd</td>
<td>0.35</td>
<td>0.70</td>
<td>1.45</td>
<td>1.68</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.302</td>
</tr>
<tr>
<td>33</td>
<td>Bhoruka Steels Ltd</td>
<td>-1.14</td>
<td>-64.40</td>
<td>-70.50</td>
<td>-44.40</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-11.37</td>
</tr>
<tr>
<td>34</td>
<td>Mardia Steel Ltd</td>
<td>0.96</td>
<td>0.66</td>
<td>0.69</td>
<td>-0.07</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.0011</td>
</tr>
<tr>
<td>35</td>
<td>Annapurna Foils Ltd</td>
<td>-0.02</td>
<td>-0.10</td>
<td>0.61</td>
<td>1.05</td>
<td>0.79</td>
<td>1.01</td>
<td>-0.53</td>
<td>-0.76</td>
<td>-0.65</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.1137</td>
</tr>
<tr>
<td>36</td>
<td>Gujarati Steel Tubes Ltd</td>
<td>-2.35</td>
<td>-13.01</td>
<td>-7.74</td>
<td>-2.97</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.401</td>
</tr>
<tr>
<td>37</td>
<td>Ipi Steel Ltd</td>
<td>0.69</td>
<td>0.66</td>
<td>0.69</td>
<td>-0.07</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.0011</td>
</tr>
<tr>
<td>38</td>
<td>Shree Karthik Papers Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.63</td>
<td>-0.68</td>
<td>-0.56</td>
<td></td>
<td>0.035</td>
</tr>
<tr>
<td>39</td>
<td>Dunlop India Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.301</td>
</tr>
<tr>
<td>40</td>
<td>Carona Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-5.51</td>
<td>-9.76</td>
<td>-10.79</td>
<td></td>
<td>-2.64</td>
<td></td>
</tr>
</tbody>
</table>

Source: Annual Reports.

Table 5.5 Continued
In 19 companies the Interest Service Ratio showed a positive trend. It is an indication that the implementation of the rehabilitation schemes helped them to reduce their debt and interest cost. In 21 companies the ratio indicated a negative trend reflecting the increase in borrowed funds and interest cost thereon. It showed that the rehabilitation schemes were effective in reducing the debt and interest cost only in 47.5 percent companies.

5.5 Evaluation of the Performance of Current Assets

The performance of a firm can be evaluated by analysing the use of assets, both fixed assets and current assets for the generation of income. The greater is the rotation of assets to generate sales, the better it is for the business. It measures the efficiency with which the assets are used in the business. In other words, the more efficient the operation of an asset, the quicker and more number of times the rotation is.

An evaluation of the performance of assets of sick industrial undertakings after implementing the rehabilitation schemes sanctioned by the BIFR can be used to analyse the effectiveness of the implementation of the rehabilitation schemes. Hence the performance of current assets like stock and sundry debtors and working capital after implementing the rehabilitation schemes were analysed with the help of Inventory Turnover Ratio, Debtors Turnover Ratio and Working Capital Turnover Ratio.

5.5.1 Inventory Turnover Ratio

Every firm has to maintain a certain level of inventory of finished goods to meet the requirement of business. But the level of inventory should neither be too high nor too low. Holding more inventory than what is required is harmful to the business. It unnecessarily blocks capital which can otherwise be profitably used somewhere else. Slow disposal of stocks will mean slow recovery of cash;
which will adversely affect the liquidity of the firm. On the other hand, a too low inventory may mean loss of business opportunities.

The efficiency of a firm's inventory management can be evaluated with the help of Inventory Turnover Ratio\textsuperscript{11}. It measures the velocity of conversion of stock into sales. Inventory Turnover Ratio can be calculated by dividing cost of goods sold by average inventory.

A high Inventory Turnover Ratio reflects the efficiency in inventory management because more frequently the stocks are sold, the lesser amount of money is required to finance inventory. A low inventory turnover suggests an inefficient inventory management. It implies excessive inventory levels than warranted by production and sales activities, or slow moving or obsolete inventory. A high level of sluggish inventory amounts to unnecessary tie-up of funds, impairment of profit, and increased costs. If obsolete inventories are to be written off, this will adversely affect the working capital position and the liquidity of the firm.

The Inventory Turnover Ratio can be successfully used to evaluate the efficiency of the inventory management in sick industrial units after implementing the rehabilitation schemes sanctioned by the BIFR. Accordingly the Inventory Turnover Ratios of selected sick companies have been calculated and the trend\textsuperscript{12} is given in Table 5.6.

\begin{equation}
\text{Inventory Turnover Ratio} = \frac{\text{Cost of Goods Sold}}{\text{Average Inventory}}.
\end{equation}

\begin{equation}
\text{The trend is calculated by using the formula } y = a + bx \text{. where, } y = \text{Ratio}, b = \text{Trend value}, x = \text{Year} \text{ and } a = \text{Constant.}
\end{equation}
### Table 5.6: Inventory Turnover Ratio of Sick Companies

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Andhra Cements Ltd</td>
<td>94.4</td>
<td>24.9</td>
<td>99.2</td>
<td>21.3</td>
<td>33.7</td>
<td>30.2</td>
<td>34.3</td>
<td>31.4</td>
<td>40.2</td>
<td>37.2</td>
<td>5.6</td>
<td>6.4</td>
<td>11.6</td>
<td>-0.31</td>
</tr>
<tr>
<td>2</td>
<td>Binny Ltd</td>
<td>8.6</td>
<td>9.8</td>
<td>11.2</td>
<td>4.6</td>
<td>0</td>
<td>9.5</td>
<td>8.4</td>
<td>9.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.1071</td>
</tr>
<tr>
<td>3</td>
<td>Asian Bearings Ltd</td>
<td>5.6</td>
<td>3.6</td>
<td>3.4</td>
<td>4.3</td>
<td>4.4</td>
<td>4.2</td>
<td>3.6</td>
<td>3.4</td>
<td>3.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.1709</td>
</tr>
<tr>
<td>4</td>
<td>Nirton Ltd</td>
<td>11.6</td>
<td>11.0</td>
<td>8.9</td>
<td>9.7</td>
<td>15.8</td>
<td>11.9</td>
<td>8.9</td>
<td>8.3</td>
<td>10.3</td>
<td>11.3</td>
<td></td>
<td></td>
<td></td>
<td>-0.1024</td>
</tr>
<tr>
<td>5</td>
<td>India Polyfibres Ltd</td>
<td>24.2</td>
<td>36.9</td>
<td>43.7</td>
<td>21.6</td>
<td>15.1</td>
<td>20.7</td>
<td>36.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-2.7833</td>
</tr>
<tr>
<td>6</td>
<td>Priyadarshini Cements Ltd</td>
<td>33.2</td>
<td>43.2</td>
<td>50.9</td>
<td>56.7</td>
<td>53.2</td>
<td>51.4</td>
<td>62.4</td>
<td>68.7</td>
<td>47.0</td>
<td>22.7</td>
<td></td>
<td></td>
<td></td>
<td>0.2206</td>
</tr>
<tr>
<td>7</td>
<td>Modi Industries Ltd</td>
<td>6.2</td>
<td>6.9</td>
<td>4.4</td>
<td>0</td>
<td>2.9</td>
<td>2.8</td>
<td>2.4</td>
<td>3.5</td>
<td>4.6</td>
<td>3.7</td>
<td></td>
<td></td>
<td></td>
<td>-0.1527</td>
</tr>
<tr>
<td>8</td>
<td>Munjal Auto Industries Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Shiva Suitings Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Scooters India Ltd</td>
<td>18.1</td>
<td>8.9</td>
<td>15.2</td>
<td>18.2</td>
<td>24.0</td>
<td>17.9</td>
<td>12.8</td>
<td>12.3</td>
<td>11.9</td>
<td>6.8</td>
<td></td>
<td></td>
<td></td>
<td>-0.7121</td>
</tr>
<tr>
<td>11</td>
<td>Saregama Indus Ltd</td>
<td>5.9</td>
<td>6.4</td>
<td>6.8</td>
<td>9.5</td>
<td>11.3</td>
<td>10.1</td>
<td>10.2</td>
<td>10.2</td>
<td>105</td>
<td>11.7</td>
<td></td>
<td></td>
<td></td>
<td>4.6078</td>
</tr>
<tr>
<td>12</td>
<td>GTC Industries Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Kings Chemicals &amp; Distillers Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Dynavision Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Incab Industries Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Coromandal Cements Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Bharuka Aluminium Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Travancore Rayons Ltd</td>
<td>3.4</td>
<td>6.3</td>
<td>17.7</td>
<td>11.2</td>
<td>8.8</td>
<td>10.1</td>
<td>11.6</td>
<td>118</td>
<td>10.1</td>
<td>10.5</td>
<td>13.5</td>
<td></td>
<td></td>
<td>2.3718</td>
</tr>
<tr>
<td>19</td>
<td>Metal Box Ltd</td>
<td>21.5</td>
<td>28.5</td>
<td>17.3</td>
<td>10.8</td>
<td>5.9</td>
<td>6.3</td>
<td>5.5</td>
<td>0</td>
<td>4.1</td>
<td>2.6</td>
<td>0</td>
<td></td>
<td></td>
<td>-2.479</td>
</tr>
<tr>
<td>20</td>
<td>Aluminium Industries Ltd</td>
<td>6.81</td>
<td>6.83</td>
<td>8.85</td>
<td>6.91</td>
<td>7.03</td>
<td>8.32</td>
<td>6.42</td>
<td>5.21</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.1752</td>
</tr>
</tbody>
</table>

(Table Continued....)
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>South India Wire ropes Ltd</td>
<td>9.1</td>
<td>7.5</td>
<td>6.7</td>
<td>6.3</td>
<td>5.3</td>
<td>5.1</td>
<td>8.8</td>
<td>6.9</td>
<td>5.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.3236</td>
</tr>
<tr>
<td>22</td>
<td>Kerala Minerals &amp; Metals Ltd</td>
<td>4.1</td>
<td>7.0</td>
<td>11.7</td>
<td>16.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4.22</td>
</tr>
<tr>
<td>23</td>
<td>Pigments India Ltd</td>
<td>12.1</td>
<td>15.4</td>
<td>21.0</td>
<td>22.0</td>
<td>15.3</td>
<td>21.2</td>
<td>22.7</td>
<td>17.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.6783</td>
</tr>
<tr>
<td>24</td>
<td>Elecra Substrates Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>22.8</td>
<td>13.8</td>
<td>11.2</td>
<td>10.6</td>
<td>12.3</td>
<td></td>
<td></td>
<td>-3.4028</td>
</tr>
<tr>
<td>25</td>
<td>Steel &amp; Industrial Forgings Ltd</td>
<td>10.9</td>
<td>14.9</td>
<td>28.1</td>
<td>26.7</td>
<td>14.4</td>
<td>18.1</td>
<td>18.1</td>
<td>17.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.7535</td>
</tr>
<tr>
<td>26</td>
<td>The Travancore Sugars &amp; Chemicals Ltd</td>
<td>9.8</td>
<td>5.6</td>
<td>5.3</td>
<td>5.8</td>
<td>5.1</td>
<td>6.8</td>
<td>5.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.7535</td>
</tr>
<tr>
<td>27</td>
<td>Transformers &amp; Electricals Kerala Ltd</td>
<td>16.7</td>
<td>21.1</td>
<td>44.5</td>
<td>22.9</td>
<td>10.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-3.9457</td>
</tr>
<tr>
<td>28</td>
<td>Hindustani Cylinder Co. Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8.9</td>
<td>18.1</td>
<td>11.6</td>
<td>18.3</td>
<td>16.2</td>
<td></td>
<td></td>
<td>1.48</td>
</tr>
<tr>
<td>29</td>
<td>Raj Prakash Chemicals Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>31.1</td>
<td>10.8</td>
<td>12.3</td>
<td>14.5</td>
<td>14.7</td>
<td>0</td>
<td>0</td>
<td>-3.6785</td>
</tr>
<tr>
<td>30</td>
<td>Modern Dairies Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-2.35</td>
</tr>
<tr>
<td>31</td>
<td>Zenith Ltd</td>
<td>65.8</td>
<td>107.4</td>
<td>157.3</td>
<td>226.4</td>
<td>144.1</td>
<td>134.9</td>
<td>153.3</td>
<td>145.4</td>
<td>260.2</td>
<td>299.5</td>
<td></td>
<td></td>
<td></td>
<td>17.4842</td>
</tr>
<tr>
<td>32</td>
<td>Maharashira Explosives Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-3.3942</td>
</tr>
<tr>
<td>33</td>
<td>Bhoruka Steels Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>34.5</td>
<td>0</td>
<td>34.7</td>
<td>8.8</td>
<td>12.0</td>
<td>10.7</td>
<td>12.4</td>
<td>-2.4142</td>
</tr>
<tr>
<td>34</td>
<td>Mardia Steel Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7.5</td>
<td>6.7</td>
<td>55.6</td>
<td>53.3</td>
<td>112.8</td>
<td></td>
<td></td>
<td>25.72</td>
</tr>
<tr>
<td>35</td>
<td>Annapurna Foils Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>14.1</td>
<td>20.4</td>
<td>42.0</td>
<td>69.7</td>
<td>52.7</td>
<td>43.4</td>
<td>44.5</td>
<td>30.6</td>
</tr>
<tr>
<td>36</td>
<td>Gujarat Steel Tubes Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6.7</td>
<td>10.9</td>
<td>8.1</td>
<td>26.5</td>
<td>23.8</td>
<td>0</td>
<td></td>
<td>0.6742</td>
</tr>
<tr>
<td>37</td>
<td>Jpl Steel Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
<td>7.8</td>
<td>7.6</td>
<td>0</td>
<td>16.0</td>
<td>0</td>
<td>0.5833</td>
</tr>
<tr>
<td>38</td>
<td>Shree Karthik Papers Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>9.2</td>
</tr>
<tr>
<td>39</td>
<td>Dunlop India Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4.11</td>
<td>2.39</td>
<td>0.98</td>
<td>6.21</td>
<td></td>
<td></td>
<td></td>
<td>0.489</td>
</tr>
<tr>
<td>40</td>
<td>Caroma Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5.57</td>
<td>3.80</td>
<td>3.84</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.865</td>
</tr>
</tbody>
</table>

Source: Annual Reports.
The Inventory Turnover Ratio showed a positive trend in 17 companies. It showed that the implementation of the rehabilitation schemes were effective in improving the efficiency of the inventory management in 42.5 percent cases. The ratio showed a declining trend only in 23 companies and it accounted for 57.5 percent cases.

5.5.2 Debtors Turnover Ratio

A firm sells goods on credit and cash basis. Credit is one of the important elements of sales promotion. Following a liberal credit policy can increase the volume of sales. But a liberal credit policy may result in tying up of substantial funds of a firm in the form of trade debtors. Conversion of trade debtors into cash within a reasonably short period is essential to keep the liquidity position of the firm intact. Hence the liquidity position of the firm depends on the quality of its trade debtors.

The efficiency of the debtor's management of a firm can be evaluated with the help of the Debtors Turnover Ratio (DTR). It indicates the velocity of the debt collection of a firm. It shows the number of times average debtors are turned over during a year. It is generally observed that the higher the value of the debtors' turnover, the more efficient is the management of debtors or more liquid is the debtors. A low Debtors Turnover Ratio implies inefficient management of debtors/sales. DTR can be used to evaluate the effectiveness of the implementation of the rehabilitation schemes in sick companies reported to the BIFR. An improvement in the efficiency of debtors' management in a unit after implementing the rehabilitation scheme shows the effectiveness of the rehabilitation scheme and vice versa. Hence to evaluate the efficiency of debtors' management in sick units after implementing their rehabilitation schemes the Debtors Turnover Ratios of selected sick companies have been calculated and the trend is given in Table 5.7.
Table 5.7:-- Debtors Turnover Ratio of Sick Companies

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Andhra Cements Ltd</td>
<td>9.6</td>
<td>4.2</td>
<td>1.3</td>
<td>2.9</td>
<td>7.8</td>
<td>6.1</td>
<td>5.3</td>
<td>3.3</td>
<td>4.3</td>
<td>5.9</td>
<td>-0.1036</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Binny Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.0476</td>
</tr>
<tr>
<td>3</td>
<td>Asian Bearifigs Ltd</td>
<td>4.2</td>
<td>2.5</td>
<td>2.3</td>
<td>2.2</td>
<td>2.7</td>
<td>2.8</td>
<td>2.2</td>
<td>2.1</td>
<td>2.0</td>
<td>1.8</td>
<td>-0.1575</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Nirton Ltd</td>
<td>6.3</td>
<td>6.0</td>
<td>5.5</td>
<td>5.7</td>
<td>6.7</td>
<td>5.5</td>
<td>4.9</td>
<td>5.4</td>
<td>6.6</td>
<td>7.7</td>
<td>0.0769</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>India Polifibres Ltd</td>
<td>7.4</td>
<td>9.4</td>
<td>10.0</td>
<td>7.0</td>
<td>5.8</td>
<td>6.3</td>
<td>7.6</td>
<td>4.6</td>
<td>4.7</td>
<td>0.3116</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Priyadarshani Cements Ltd</td>
<td>6.5</td>
<td>6.9</td>
<td>6.1</td>
<td>8.0</td>
<td>9.7</td>
<td>11.7</td>
<td>11.2</td>
<td>8.5</td>
<td>9.1</td>
<td>10.7</td>
<td>0.4654</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Modi Industries Ltd</td>
<td>10.8</td>
<td>12.9</td>
<td>10.0</td>
<td>9.1</td>
<td>7.7</td>
<td>7.2</td>
<td>7.8</td>
<td>6.3</td>
<td>6.2</td>
<td>7.8</td>
<td>7.7</td>
<td>-0.48</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Munjal Auto Industries Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.1178</td>
</tr>
<tr>
<td>9</td>
<td>Shiva Suitings Ltd</td>
<td>3.3</td>
<td>0.2</td>
<td>2.7</td>
<td>0.7</td>
<td>0.4</td>
<td>2.0</td>
<td>1.7</td>
<td>-0.125</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Scooters India Ltd</td>
<td>4.8</td>
<td>4.1</td>
<td>3.5</td>
<td>3.9</td>
<td>5.9</td>
<td>6.5</td>
<td>13.3</td>
<td>5.9</td>
<td>3.3</td>
<td>3.0</td>
<td>0.1151</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Saraparna India Ltd</td>
<td>5.6</td>
<td>6.1</td>
<td>4.9</td>
<td>4.7</td>
<td>5.3</td>
<td>5.3</td>
<td>6.8</td>
<td>5.3</td>
<td>4.2</td>
<td>4.9</td>
<td>-0.0684</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>GTC Industries Ltd</td>
<td>3.8</td>
<td>2.7</td>
<td>2.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.45</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Kings Chemicals and Distillers Ltd</td>
<td>5.2</td>
<td>2.4</td>
<td>2.5</td>
<td>1.9</td>
<td>3.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.49</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Dynavision Ltd</td>
<td>0.8</td>
<td>1.1</td>
<td>1.3</td>
<td>0.9</td>
<td>0.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-1.4551</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Incah Industries Ltd</td>
<td>3.3</td>
<td>3.1</td>
<td>2.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Coromandal Cements Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Bhuruka Aluminium Ltd</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>15.9</td>
<td>8.7</td>
<td>7.5</td>
<td>7.2</td>
<td>1.5644</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Travancore Rayons Ltd</td>
<td>9.7</td>
<td>6.7</td>
<td>5.8</td>
<td>4.7</td>
<td>4.2</td>
<td>6.4</td>
<td>6.8</td>
<td>8.7</td>
<td>4.9</td>
<td>10.08</td>
<td>0.0972</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Metal Box Ltd</td>
<td>4.7</td>
<td>4.4</td>
<td>3.6</td>
<td>2.2</td>
<td>1.1</td>
<td>1.0</td>
<td>8.0</td>
<td>4.3</td>
<td>3.0</td>
<td>0.4927</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Aluminium Industries Ltd</td>
<td>3.4</td>
<td>3.8</td>
<td>3.2</td>
<td>2.7</td>
<td>3.6</td>
<td>3.5</td>
<td>2.3</td>
<td>1.6</td>
<td></td>
<td></td>
<td>-0.2178</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Table Continued...)
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>South India Wire ropes Ltd</td>
<td>6.1</td>
<td>4.8</td>
<td>5.8</td>
<td>5.2</td>
<td>3.5</td>
<td>2.2</td>
<td>4.8</td>
<td>3.6</td>
<td>3.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.2472</td>
</tr>
<tr>
<td>22</td>
<td>Kerala Minerals and Metals Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>138.48</td>
</tr>
<tr>
<td>23</td>
<td>Pigments India Ltd</td>
<td>4.8</td>
<td>5.2</td>
<td>5.5</td>
<td>5.3</td>
<td>3.0</td>
<td>4.2</td>
<td>4.4</td>
<td>6.1</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.0131</td>
</tr>
<tr>
<td>24</td>
<td>Eleca Substrates Ltd</td>
<td>3.9</td>
<td>2.3</td>
<td>4.0</td>
<td>2.5</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.36</td>
</tr>
<tr>
<td>25</td>
<td>Steel &amp; Industrial Forgings Ltd</td>
<td>3.1</td>
<td>3.5</td>
<td>4.6</td>
<td>4.7</td>
<td>4.3</td>
<td>4.5</td>
<td>4.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.1785</td>
</tr>
<tr>
<td>26</td>
<td>The Travancore Sugars and Chemicals Ltd</td>
<td>13.8</td>
<td>20.2</td>
<td>90.4</td>
<td>32.3</td>
<td>58.5</td>
<td>113.0</td>
<td>149.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>19.975</td>
</tr>
<tr>
<td>27</td>
<td>Transformers and Electricals Kerala Ltd</td>
<td>2.1</td>
<td>1.9</td>
<td>1.6</td>
<td>1.3</td>
<td>1.3</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.36</td>
</tr>
<tr>
<td>28</td>
<td>Hindustani Cylinder Co. Ltd</td>
<td>21.4</td>
<td>19.4</td>
<td>8.5</td>
<td>17.8</td>
<td>15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-1.44</td>
</tr>
<tr>
<td>29</td>
<td>Raj Prakash Chemicals Ltd</td>
<td>12.2</td>
<td>9.4</td>
<td>68.7</td>
<td>37.6</td>
<td>17</td>
<td>86</td>
<td>25.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.3142</td>
</tr>
<tr>
<td>30</td>
<td>Modern Dairies Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.63</td>
</tr>
<tr>
<td>31</td>
<td>Zenith Ltd</td>
<td>24.4</td>
<td>28.8</td>
<td>18.3</td>
<td>14.4</td>
<td>10.6</td>
<td>11.2</td>
<td>16.7</td>
<td>22.3</td>
<td>37.9</td>
<td>46.3</td>
<td></td>
<td></td>
<td></td>
<td>2.5963</td>
</tr>
<tr>
<td>32</td>
<td>Maharashtra Explosives Ltd</td>
<td>3.8</td>
<td>3.9</td>
<td>4.0</td>
<td>3.7</td>
<td>18.7</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.7171</td>
</tr>
<tr>
<td>33</td>
<td>Bhoruka Steels Ltd</td>
<td>8.0</td>
<td>0</td>
<td>10.3</td>
<td>2.1</td>
<td>2.4</td>
<td>3.2</td>
<td>5.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.3535</td>
</tr>
<tr>
<td>34</td>
<td>Mardia Steel Ltd</td>
<td>2.1</td>
<td>1.1</td>
<td>6.4</td>
<td>14.6</td>
<td>26.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6.21</td>
</tr>
<tr>
<td>35</td>
<td>Annapurna Foils Ltd</td>
<td>5.4</td>
<td>5.7</td>
<td>5.8</td>
<td>4.7</td>
<td>4.2</td>
<td>4.3</td>
<td>3.7</td>
<td>3.8</td>
<td>7.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.01833</td>
</tr>
<tr>
<td>36</td>
<td>Gujarat Steel Tubes Ltd</td>
<td>14.0</td>
<td>15.4</td>
<td>2.2</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-3.3828</td>
</tr>
<tr>
<td>37</td>
<td>Ipi Steel Ltd</td>
<td>13.1</td>
<td>13.5</td>
<td>12.4</td>
<td>9.1</td>
<td>0</td>
<td>12.3</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-1.7142</td>
</tr>
<tr>
<td>38</td>
<td>Shree Karthik Papers Ltd</td>
<td>7.2</td>
<td>5.5</td>
<td>9.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.1</td>
</tr>
<tr>
<td>39</td>
<td>Dunlop India Ltd</td>
<td>4.3</td>
<td>0.7</td>
<td>0.1</td>
<td>2.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.57</td>
</tr>
<tr>
<td>40</td>
<td>Carona Ltd</td>
<td>11.7</td>
<td>6.7</td>
<td>3.7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-4</td>
</tr>
</tbody>
</table>

Source: Annual Reports.
Chapter 5

Among the 40 companies selected for the study, only in 15 companies did the Debtors Turnover Ratio show a positive trend\(^{13}\) whereas in other 25 companies, the ratio indicated a negative trend. This showed that the implementation of the rehabilitation schemes could not improve the efficiency of the debtors' management in 62.5 percent companies.

5.5.3 Working Capital Turnover Ratio

The Working Capital Turnover Ratio\(^{14}\) (WCTR) measures the effectiveness of the utilisation of net current assets or working capital. It is the ratio between cost of sales and the average working capital employed. It shows the number of times the working capital is turned over in the course of a business during a year. The ratio highlights the efficiency with which the working capital is being used or the state of over-investment or under-investment in current assets. A higher ratio indicates efficient utilisation of working capital whereas the decline in the ratio indicates that the working capital is either in excess of requirements or that there has been an operational ineffectiveness.

The Working Capital Turnover Ratio can be best utilised for comparative and trend analysis of different firms in the same industry and for various periods. It can also be used for evaluating the performance of sick companies after implementing the rehabilitation schemes. The Working Capital Turnover Ratios of selected companies reported to the BIFR have been calculated and trend\(^ {15}\) is given in Table 5.8.

\(^{13}\) The trend is calculated by using the formula \(y = a + bx\) where, 
\(y = \text{Ratio, } b = \text{Trend Value, } x = \text{Year and } a = \text{Constant.}\)

\(^{14}\) Working Capital Turnover Ratio = Cost of Sales / Working Capital.

\(^{15}\) The trend is calculated by using the formula \(y = a + bx\) where, 
\(y = \text{Ratio, } b = \text{Trend value, } x = \text{Year and } a = \text{Constant.}\)
### Table 5.8: Working Capital Turnover Ratio of Sick Companies

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Andhra Cements Ltd</td>
<td>-2.22</td>
<td>-0.48</td>
<td>-0.06</td>
<td>-0.29</td>
<td>-7.28</td>
<td>-36.83</td>
<td>56.06</td>
<td>-25.50</td>
<td>-5.72</td>
<td>-7.12</td>
<td>-0.415</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Binny Ltd</td>
<td>2.74</td>
<td>1.40</td>
<td>1.75</td>
<td>0.79</td>
<td>0</td>
<td>3.84</td>
<td>1.85</td>
<td>2.68</td>
<td>0.087</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Asian Bearings Ltd</td>
<td>1.17</td>
<td>1.02</td>
<td>1.16</td>
<td>1.14</td>
<td>1.23</td>
<td>0.90</td>
<td>1.03</td>
<td>0.89</td>
<td>0.87</td>
<td>-0.0301</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Nirlo Ltd</td>
<td>5.86</td>
<td>5.10</td>
<td>5.31</td>
<td>5.91</td>
<td>10.59</td>
<td>9.94</td>
<td>20.4</td>
<td>4.39</td>
<td>0.9776</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>India Polyfibres Ltd</td>
<td>3.21</td>
<td>2.71</td>
<td>3.45</td>
<td>3.90</td>
<td>4.78</td>
<td>6.05</td>
<td>4.09</td>
<td>4.25</td>
<td>5.35</td>
<td>0.2672</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Priyadarshini Cements Ltd</td>
<td>9.98</td>
<td>12.03</td>
<td>5.71</td>
<td>6.40</td>
<td>0</td>
<td>6.86</td>
<td>8.33</td>
<td>25.50</td>
<td>35.38</td>
<td>-850.0</td>
<td>-64.32</td>
<td>-33.4916</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Modi Industries Ltd</td>
<td>-7.19</td>
<td>-12.48</td>
<td>-3.19</td>
<td>-2.62</td>
<td>-5.87</td>
<td>-12.45</td>
<td>0.04</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Murjaji Auto Industries Ltd</td>
<td>2.94</td>
<td>-0.20</td>
<td>-1.67</td>
<td>-0.09</td>
<td>-0.84</td>
<td>-0.10</td>
<td>-0.08</td>
<td>-3.0932</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Shiva Textiles Ltd</td>
<td>-5.89</td>
<td>-9.86</td>
<td>-42.30</td>
<td>-77.70</td>
<td>38.57</td>
<td>4.31</td>
<td>3.12</td>
<td>2.36</td>
<td>2.12</td>
<td>1.45</td>
<td>3.5237</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Scooters India Ltd</td>
<td>14.30</td>
<td>8.46</td>
<td>9.32</td>
<td>6.36</td>
<td>8.16</td>
<td>6.06</td>
<td>4.76</td>
<td>1.47</td>
<td>1.42</td>
<td>-1.1552</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Suregama Cements Ltd</td>
<td>3.11</td>
<td>3.25</td>
<td>6.50</td>
<td>3.50</td>
<td>-1.23</td>
<td>-1.543</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>GTC Industries Ltd</td>
<td>0.27</td>
<td>1.51</td>
<td>1.48</td>
<td>0</td>
<td>-0.684</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Kings Chemicals and Distillers Ltd</td>
<td>3.11</td>
<td>3.25</td>
<td>6.50</td>
<td>3.50</td>
<td>-1.23</td>
<td>-1.543</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Dynavision Ltd</td>
<td>3.11</td>
<td>3.25</td>
<td>6.50</td>
<td>3.50</td>
<td>-1.23</td>
<td>-1.543</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Incal Industries Ltd</td>
<td>1.95</td>
<td>1.52</td>
<td>2.39</td>
<td>0</td>
<td>0</td>
<td>-0.542</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Coromandel Cements Ltd</td>
<td>6.33</td>
<td>4.62</td>
<td>4.67</td>
<td>0</td>
<td>8.02</td>
<td>0</td>
<td>-12.32</td>
<td>5.20</td>
<td>-1.173</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Bhoruka Aluminium Ltd</td>
<td>0</td>
<td>0</td>
<td>-3.4</td>
<td>0</td>
<td>16.98</td>
<td>34.14</td>
<td>10.79</td>
<td>7.26</td>
<td>2.6808</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Traveezum Rayons Ltd</td>
<td>4.53</td>
<td>4.64</td>
<td>4.40</td>
<td>3.62</td>
<td>4.78</td>
<td>41.86</td>
<td>-12.25</td>
<td>-23.70</td>
<td>-16.31</td>
<td>-5.44</td>
<td>-2.61</td>
<td>-1.9529</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Metal Box Ltd</td>
<td>5.07</td>
<td>8.54</td>
<td>15.01</td>
<td>1211.3</td>
<td>-4.0</td>
<td>-1.53</td>
<td>-0.18</td>
<td>-0.11</td>
<td>0</td>
<td>1.2779</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Aluminium Industries Ltd</td>
<td>-37.41</td>
<td>21.80</td>
<td>5.55</td>
<td>3.57</td>
<td>5.94</td>
<td>7.38</td>
<td>-98.54</td>
<td>-7.4653</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Table Continued...)
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>South India Wire Ropes Ltd</td>
<td>5.03</td>
<td>3.52</td>
<td>3.51</td>
<td>3.34</td>
<td>2.76</td>
<td>1.80</td>
<td>5.05</td>
<td>3.97</td>
<td>7.33</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.0048</td>
</tr>
<tr>
<td>22</td>
<td>Kerala Minerals &amp; Metals Ltd</td>
<td>1.83</td>
<td>4.36</td>
<td>4.97</td>
<td>5.45</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.147</td>
</tr>
<tr>
<td>23</td>
<td>Pigments India Ltd</td>
<td>9.63</td>
<td>1481.6</td>
<td>14.29</td>
<td>21.27</td>
<td>4.63</td>
<td>6.44</td>
<td>8.96</td>
<td>10.27</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-74.6313</td>
</tr>
<tr>
<td>24</td>
<td>Elecro Substrates Ltd</td>
<td>1.69</td>
<td>1.63</td>
<td>2.95</td>
<td>1.96</td>
<td>1.40</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.2894</td>
</tr>
<tr>
<td>25</td>
<td>Steel &amp; Industrial Forgings Ltd</td>
<td>2.46</td>
<td>4.20</td>
<td>3.58</td>
<td>2.92</td>
<td>2.36</td>
<td>2.14</td>
<td>1.63</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.452</td>
</tr>
<tr>
<td>26</td>
<td>The Travancore Sugars and Chemicals Ltd</td>
<td>-3.46</td>
<td>-3.73</td>
<td>-2.11</td>
<td>-1.42</td>
<td>-1.32</td>
<td>-1.60</td>
<td>-1.89</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.3485</td>
</tr>
<tr>
<td>27</td>
<td>Transformers and Electricals Kerala Ltd</td>
<td>2.76</td>
<td>2.04</td>
<td>2.21</td>
<td>1.89</td>
<td>1.70</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.4325</td>
</tr>
<tr>
<td>28</td>
<td>Hindustani Cylinder Co. Ltd</td>
<td>3.81</td>
<td>64.31</td>
<td>34.66</td>
<td>-76.67</td>
<td>-10.86</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-17.032</td>
</tr>
<tr>
<td>29</td>
<td>Raj Prakash Chemicals Ltd</td>
<td>15.13</td>
<td>10.03</td>
<td>13.73</td>
<td>-15.67</td>
<td>-1.23</td>
<td>-1.02</td>
<td>-1.36</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-2.2936</td>
</tr>
<tr>
<td>30</td>
<td>Modern Dairies Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.534</td>
</tr>
<tr>
<td>31</td>
<td>Zenith Ltd</td>
<td>2.70</td>
<td>3.84</td>
<td>9.67</td>
<td>259.3</td>
<td>2.96</td>
<td>3.55</td>
<td>5.01</td>
<td>3.54</td>
<td>3.68</td>
<td>5.56</td>
<td></td>
<td></td>
<td></td>
<td>-4.6564</td>
</tr>
<tr>
<td>32</td>
<td>Maharashtra Explosives Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-1.1402</td>
</tr>
<tr>
<td>33</td>
<td>Bhupika Steel Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.1485</td>
</tr>
<tr>
<td>34</td>
<td>Mardia Steel Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4.194</td>
</tr>
<tr>
<td>35</td>
<td>Annapurna Foils Ltd</td>
<td>3.45</td>
<td>5.03</td>
<td>3.56</td>
<td>5.02</td>
<td>5.57</td>
<td>4.99</td>
<td>27.16</td>
<td>5.26</td>
<td></td>
<td>-2.60</td>
<td></td>
<td></td>
<td></td>
<td>-0.1316</td>
</tr>
<tr>
<td>36</td>
<td>Gujran Steel Tubes Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.0765</td>
</tr>
<tr>
<td>37</td>
<td>Jp Steel Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-1.0903</td>
</tr>
<tr>
<td>38</td>
<td>Shree Khushik Papers Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.399</td>
</tr>
<tr>
<td>39</td>
<td>Dunlop India Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.31</td>
</tr>
<tr>
<td>40</td>
<td>Carona Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-1.62</td>
<td>-0.56</td>
<td>-0.18</td>
<td></td>
<td>0.38</td>
</tr>
</tbody>
</table>

Source: Annual Reports.
A positive trend in the WCTR was found only in 16 companies whereas in 24 companies the ratio showed a negative trend. It showed that the implementation of the rehabilitation schemes were not effective in improving the efficiency in the working capital management in 60 percent cases.

5.6 Evaluation of Ratios

The implementation of a rehabilitation scheme is considered effective only when it helps to improve the operating efficiency and the financial position of the sick company. Profitability is the best measure of evaluation of the operating efficiency of a company. Financial position of a company can be evaluated by analysing its short-term as well as long-term solvency position.

In order to evaluate the effectiveness of the implementation of the rehabilitation schemes sanctioned by the BIFR, the profitability and financial position of 40 sick companies after implementing the rehabilitation schemes were analysed with the help of relevant financial ratios.

Net Profit Ratio and Return on Investment are used to evaluate the profitability of companies. The long-term solvency position of the companies are analysed with the help of Debt-Equity Ratio (DER) and Interest Service Ratio. Current Ratio is used to evaluate the short-term financial position and the performance of current assets are analysed with the help of Inventory Turnover Ratio (ITR), Debtors Turnover Ratio (DTR) and Working Capital Turnover Ratio (WCTR).

In order to make a meaningful evaluation, the trend in various ratios has been calculated and is given in Table 5.9.
<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of Companies</th>
<th>Net Profit Ratio</th>
<th>Return on Investment</th>
<th>Current Ratio</th>
<th>Debt Equity Ratio</th>
<th>Interest Service Ratio</th>
<th>Inventory Turnover Ratio</th>
<th>Debtors Turnover Ratio</th>
<th>Working Capital Turnover Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Andhra Cements Ltd</td>
<td>56.8055</td>
<td>0.0284</td>
<td>0.0299</td>
<td>-0.764</td>
<td>0.0604</td>
<td>-4.31</td>
<td>-0.1036</td>
<td>-0.415</td>
</tr>
<tr>
<td>2</td>
<td>Binny Ltd</td>
<td>-14.2349</td>
<td>-0.0002</td>
<td>-0.278</td>
<td>-0.7015</td>
<td>0.4149</td>
<td>-0.1071</td>
<td>0.0476</td>
<td>0.087</td>
</tr>
<tr>
<td>3</td>
<td>Asian Bearing Ltd</td>
<td>-0.8241</td>
<td>-0.0069</td>
<td>0.189</td>
<td>-0.0748</td>
<td>-0.0472</td>
<td>-0.1709</td>
<td>-0.1575</td>
<td>-0.0301</td>
</tr>
<tr>
<td>4</td>
<td>Nirton Ltd</td>
<td>-1.6342</td>
<td>-0.0154</td>
<td>-0.2495</td>
<td>-1.2182</td>
<td>-0.1564</td>
<td>-0.1024</td>
<td>0.0769</td>
<td>0.2963</td>
</tr>
<tr>
<td>5</td>
<td>India Polyfibres Ltd</td>
<td>7.6078</td>
<td>-0.0007</td>
<td>0.1947</td>
<td>-0.2337</td>
<td>0.102</td>
<td>-2.7833</td>
<td>-0.5116</td>
<td>0.9776</td>
</tr>
<tr>
<td>6</td>
<td>Priyadarshini Cements Ltd</td>
<td>-0.0166</td>
<td>-0.0055</td>
<td>-0.5262</td>
<td>0.1105</td>
<td>0.0425</td>
<td>0.2206</td>
<td>0.4654</td>
<td>0.2672</td>
</tr>
<tr>
<td>7</td>
<td>Modi Industries Ltd</td>
<td>0.5606</td>
<td>-0.0009</td>
<td>-0.0334</td>
<td>0.1290</td>
<td>-0.0533</td>
<td>-0.1527</td>
<td>-0.48</td>
<td>-33.4916</td>
</tr>
<tr>
<td>8</td>
<td>Munjal Auto Industries Ltd</td>
<td>3.6575</td>
<td>0.0275</td>
<td>-0.0572</td>
<td>-0.2232</td>
<td>0.7171</td>
<td>86.1785</td>
<td>-0.1178</td>
<td>0.04</td>
</tr>
<tr>
<td>9</td>
<td>Shiva Sutings Ltd</td>
<td>-8.9438</td>
<td>-0.006</td>
<td>-0.1111</td>
<td>0.0443</td>
<td>-0.3882</td>
<td>-0.3571</td>
<td>-0.125</td>
<td>-3.0932</td>
</tr>
<tr>
<td>10</td>
<td>Scooters India Ltd</td>
<td>36.9113</td>
<td>0.0565</td>
<td>0.2879</td>
<td>-7.9633</td>
<td>0.3946</td>
<td>-0.7121</td>
<td>0.1151</td>
<td>3.5237</td>
</tr>
<tr>
<td>11</td>
<td>Saregama India Ltd</td>
<td>0.4629</td>
<td>-0.0170</td>
<td>0.1088</td>
<td>-0.4159</td>
<td>-0.0444</td>
<td>4.6078</td>
<td>-0.0384</td>
<td>-1.1552</td>
</tr>
<tr>
<td>12</td>
<td>GTC Industries Ltd</td>
<td>1.28</td>
<td>0.01</td>
<td>-0.123</td>
<td>0.418</td>
<td>0.125</td>
<td>-6.85</td>
<td>-0.45</td>
<td>-0.684</td>
</tr>
<tr>
<td>13</td>
<td>Kings Chemicals &amp; Distillers Ltd</td>
<td>7.591</td>
<td>-0.005</td>
<td>-0.21</td>
<td>0.181</td>
<td>-1.778</td>
<td>0.15</td>
<td>-0.49</td>
<td>-1.543</td>
</tr>
<tr>
<td>14</td>
<td>Dynavision Ltd</td>
<td>-1.396</td>
<td>-0.001</td>
<td>2.97</td>
<td>-0.484</td>
<td>0.613</td>
<td>0.1</td>
<td>-1.4551</td>
<td>-0.003</td>
</tr>
<tr>
<td>15</td>
<td>Jacob Industries Ltd</td>
<td>-17.545</td>
<td>-0.255</td>
<td>-0.12</td>
<td>0.135</td>
<td>-0.42</td>
<td>-2.73</td>
<td>-0.5</td>
<td>-5.542</td>
</tr>
<tr>
<td>16</td>
<td>Coromandal Cements Ltd</td>
<td>-1.094</td>
<td>0.165</td>
<td>-0.1446</td>
<td>-0.5098</td>
<td>-0.0980</td>
<td>10.2523</td>
<td>-0.65</td>
<td>-1.173</td>
</tr>
<tr>
<td>17</td>
<td>Bhokka Aluminium Ltd</td>
<td>0.308</td>
<td>0.0370</td>
<td>0.2291</td>
<td>0.2024</td>
<td>0.1789</td>
<td>3.2904</td>
<td>1.5464</td>
<td>2.6808</td>
</tr>
<tr>
<td>18</td>
<td>Travancore Rayons Ltd</td>
<td>-3.4221</td>
<td>-0.0129</td>
<td>-0.1137</td>
<td>0.0085</td>
<td>-0.1475</td>
<td>2.3718</td>
<td>0.0972</td>
<td>-1.9529</td>
</tr>
<tr>
<td>19</td>
<td>Metal Box Ltd</td>
<td>-5.0452</td>
<td>0.0038</td>
<td>-0.0657</td>
<td>-0.0495</td>
<td>-19.5526</td>
<td>-2.479</td>
<td>-0.4927</td>
<td>1.2779</td>
</tr>
<tr>
<td>20</td>
<td>Aluminium Industries Ltd</td>
<td>-2.0069</td>
<td>0.0007</td>
<td>-0.0325</td>
<td>-1.0329</td>
<td>0.0038</td>
<td>-0.1752</td>
<td>-0.2178</td>
<td>-7.4653</td>
</tr>
</tbody>
</table>

(Table Continued...........
<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of Companies</th>
<th>Net Profit Ratio</th>
<th>Return on Investment</th>
<th>Current Ratio</th>
<th>Debit Equity Ratio</th>
<th>Interest Service Ratio</th>
<th>Inventory Turnover Ratio</th>
<th>Debtors Turnover Ratio</th>
<th>Working Capital Turnover Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>South India Wire Ropes Ltd</td>
<td>-3.9183</td>
<td>-0.0295</td>
<td>-0.089</td>
<td>0.2813</td>
<td>-0.0258</td>
<td>-0.3236</td>
<td>-0.2472</td>
<td>-0.0048</td>
</tr>
<tr>
<td>22</td>
<td>Kerala Minerals &amp; Metals Ltd</td>
<td>14.424</td>
<td>0.213</td>
<td>-1.096</td>
<td>-1.575</td>
<td>2.865</td>
<td>4.22</td>
<td>138.48</td>
<td>1.147</td>
</tr>
<tr>
<td>23</td>
<td>Pigments India Ltd</td>
<td>4.419</td>
<td>-0.0157</td>
<td>0.001</td>
<td>0.661</td>
<td>0.0277</td>
<td>-0.6783</td>
<td>-0.0131</td>
<td>-74.6313</td>
</tr>
<tr>
<td>24</td>
<td>Elecra Substrates Ltd</td>
<td>-53.265</td>
<td>0.014</td>
<td>-1.164</td>
<td>0.542</td>
<td>-0.036</td>
<td>-3.4028</td>
<td>-0.36</td>
<td>-0.2894</td>
</tr>
<tr>
<td>25</td>
<td>Steel &amp; Industrial Forgings Ltd</td>
<td>6.965</td>
<td>0.022</td>
<td>0.2632</td>
<td>-0.4971</td>
<td>0.8321</td>
<td>-0.7535</td>
<td>0.1785</td>
<td>-0.452</td>
</tr>
<tr>
<td>26</td>
<td>The Travancore Sugars &amp; Chemicals Ltd</td>
<td>6.1321</td>
<td>0.0593</td>
<td>-0.0575</td>
<td>-0.1769</td>
<td>0.114</td>
<td>-0.7535</td>
<td>19.975</td>
<td>0.3485</td>
</tr>
<tr>
<td>27</td>
<td>Transformers &amp; Electricals Kerala Ltd</td>
<td>-9.652</td>
<td>-0.058</td>
<td>0.031</td>
<td>0.292</td>
<td>-0.491</td>
<td>-3.9457</td>
<td>-0.36</td>
<td>-0.4325</td>
</tr>
<tr>
<td>28</td>
<td>Hindustani Cylinder Co. Ltd</td>
<td>-38.741</td>
<td>-0.089</td>
<td>-0.3091</td>
<td>0.628</td>
<td>-0.289</td>
<td>1.48</td>
<td>-1.44</td>
<td>-17.032</td>
</tr>
<tr>
<td>29</td>
<td>Raj Prakash Chemicals Ltd</td>
<td>-22.19</td>
<td>-0.0339</td>
<td>-0.1975</td>
<td>0.0807</td>
<td>-0.0768</td>
<td>-3.6785</td>
<td>0.3142</td>
<td>-2.2936</td>
</tr>
<tr>
<td>30</td>
<td>Modern Dairies Ltd</td>
<td>1.193</td>
<td>-0.002</td>
<td>-0.014</td>
<td>-0.173</td>
<td>0.267</td>
<td>-2.35</td>
<td>2.63</td>
<td>-0.534</td>
</tr>
<tr>
<td>31</td>
<td>Zenith Ltd</td>
<td>1.021</td>
<td>0.0045</td>
<td>-0.0338</td>
<td>-0.7154</td>
<td>0.0026</td>
<td>17.4842</td>
<td>2.5963</td>
<td>-4.6564</td>
</tr>
<tr>
<td>32</td>
<td>Maharashtra Explosives Ltd</td>
<td>-9.934</td>
<td>-0.048</td>
<td>-0.171</td>
<td>0.014</td>
<td>0.303</td>
<td>-3.3942</td>
<td>0.7171</td>
<td>-1.4102</td>
</tr>
<tr>
<td>33</td>
<td>Bhokuta Steels Ltd</td>
<td>2.3721</td>
<td>0.1197</td>
<td>0.0129</td>
<td>0.9154</td>
<td>-9.0871</td>
<td>-2.4142</td>
<td>-0.3535</td>
<td>0.1485</td>
</tr>
<tr>
<td>34</td>
<td>Mandia Steel Ltd</td>
<td>5.535</td>
<td>0.012</td>
<td>-0.137</td>
<td>-0.024</td>
<td>-57.947</td>
<td>25.72</td>
<td>6.21</td>
<td>4.194</td>
</tr>
<tr>
<td>35</td>
<td>Annapurna Foils Ltd</td>
<td>-1.3753</td>
<td>-0.0293</td>
<td>-0.2433</td>
<td>-0.3068</td>
<td>-0.1137</td>
<td>1.4016</td>
<td>-0.0183</td>
<td>-0.1316</td>
</tr>
<tr>
<td>36</td>
<td>Gujarat Steel Tubes Ltd</td>
<td>-164.335</td>
<td>-0.101</td>
<td>-0.37</td>
<td>0.007</td>
<td>0.401</td>
<td>0.6742</td>
<td>-3.3828</td>
<td>0.0765</td>
</tr>
<tr>
<td>37</td>
<td>Ipi Steel Ltd</td>
<td>1.665</td>
<td>0.011</td>
<td>-0.2139</td>
<td>-1.2068</td>
<td>-0.0011</td>
<td>0.5833</td>
<td>-1.7142</td>
<td>-1.0903</td>
</tr>
<tr>
<td>38</td>
<td>Shree Karthik Papers Ltd</td>
<td>-35.865</td>
<td>-0.02</td>
<td>-0.0295</td>
<td>0.344</td>
<td>0.035</td>
<td>9.2</td>
<td>1.1</td>
<td>0.399</td>
</tr>
<tr>
<td>39</td>
<td>Duniop India Ltd</td>
<td>-161.942</td>
<td>0.06</td>
<td>-0.039</td>
<td>1.305</td>
<td>-0.301</td>
<td>0.489</td>
<td>-0.57</td>
<td>0.31</td>
</tr>
<tr>
<td>40</td>
<td>Carona Ltd</td>
<td>-32.28</td>
<td>0.11</td>
<td>-0.135</td>
<td>0.085</td>
<td>-2.64</td>
<td>-0.865</td>
<td>-4</td>
<td>0.38</td>
</tr>
</tbody>
</table>
Among the 40 companies analysed only five companies were able to come out of the purview of the BIFR after making their networth positive during the implementation of the rehabilitation scheme. But the implementation of the rehabilitation schemes helped many other companies to improve their operating efficiency and financial position.

An evaluation of the profitability of sick companies made by analysing the trend in the Net Profit Ratio showed a positive trend in 19 cases and Return on Investment in 18 cases. They were 47.5 percent and 45 percent respectively of the total number of cases.

The Current Ratio showed a positive trend in 11 companies indicating improvement in the short-term financial position in 27.5 percent cases. The long term financial position of the companies was evaluated with the help of Debt-Equity Ratio (DER) and Interest Service Ratio (ISR). DER showed a negative trend in 20 companies (50% cases) indicating decline in debt. ISR showed a positive trend in 19 companies (47.5% cases) reflecting the reduction in the interest cost.

An evaluation of the performance of current assets, showed a positive trend in Inventory Turnover Ratio in 17 companies, Debtors Turnover Ratio in 15 cases and the Working Capital Turnover Ratio in 16 companies. They were 42.5 percent, 37.5 percent and 40 percent respectively of the total number of cases evaluated.

5.7 Evaluation of Overall Performance of Companies

The BIFR regards the implementation of rehabilitation successful only if the company is able to make its networth positive during the implementation of the rehabilitation scheme. The number of companies declared no longer sick is the
only criterion to evaluate the effectiveness of the rehabilitation schemes sanctioned by the BIFR.

A sick industrial undertaking reported to the BIFR after the erosion of its total networth by accumulated loss, is at the stage of imminent insolvency, and making its networth positive by implementing a rehabilitation scheme for a specified period may not be possible in many cases. But the implementation of the rehabilitation scheme might have improved the operating efficiency and financial position of the company to a great extent. The SICA does not provide any criterion to evaluate the overall performance of the sick unit, which implemented the rehabilitation scheme, except declaring the unit as 'no longer sick' after making its networth positive. Hence it is essential to evaluate the overall progress made by the sick unit after implementing the rehabilitation scheme in order to judge its effectiveness in improving the operating efficiency and financial position of the unit.

5.7.1. Application of Altman’s Model

The Multiple Discriminant Analysis (MDA) technique developed by Edward I Altman\textsuperscript{16}, with certain modifications can be conveniently employed to evaluate the overall progress made by the sick industrial companies after implementing the rehabilitation schemes sanctioned by the BIFR.

Altman had developed a criterion for predicting the insolvency of the firm on the basis of financial ratios. He calculated an overall index, ‘Z’ score with the help of following ratios.

i. Working capital to total assets

ii. Retained earnings to total assets

Chapter 5

iii. Earnings before interest and taxes to total assets

iv. Market value of equity to book value of debt and

v. Sales to total assets

He has assigned weights to these ratios and the sum value of weighted ratios is the value of 'Z', which if more than 2.99, signifies insolvency; if the value is between 1.81 and 2.99, it denotes danger and if it is less than 1.81, it is a sign of imminent insolvency. The formula has been expressed thus:

\[ Z = 0.012X_1 + 0.014X_2 + 0.033X_3 + 0.006X_4 + 0.999X_5 \]

Where, X1, X2, X3, X4 and X5 refer to ratios mentioned in (i) to (v) above.

The ratio of working capital to total assets indicates the firm's liquidity: smaller the ratio means lack of liquid funds to enable the firm to carry on routine operations. As a matter of fact, those firms, which are insolvent or likely to be so, have a very meagre working capital or negative working capital. The future cash flow is generally eaten away by past commitment in such cases.

The ratio of retained earnings to total assets is indicative of the management's wisdom in appropriating profits. Retention of earnings is desired for having a buffer in the event of anticipated losses. If the retained earnings cushion is weak naturally it poses a threat to the solvency of the firm in the event of heavy losses, particularly in case of insolvent firms retained earnings are absent.

The ratio of earnings before interest and taxes to total assets, which is a measure of return on capital employed, indicates the earning power of an enterprise and the capacity to have cash inflows. The insolvent firms usually run into losses, therefore, generally there is no question of regular cash inflows in future.
The ratio of market value of equity shares\textsuperscript{17} to book value of total liabilities shows the extent to which liabilities of the firm are covered by the value of equity. The extent to which asset values may decline and the possibility of a balance left to cover the liabilities is provided by this ratio.

The sales to total assets ratio is crucial in the sense that the turnover of total assets to generate sales, if higher, is indicative of a sound position of the firm and vice versa. It is the sales, which produce profits, and low turnover leads to insolvency of the firm in due course of time.

Altman’s model was developed to predict the insolvency of a firm. However, it can be used with certain modifications to evaluate the overall progress made by sick units after implementing the rehabilitation schemes since the ratios represent liquidity, profitability, leverage, solvency and activity. The trend in the ‘Z’ score can be taken as the best indicator of the progress achieved by sick industrial units through the implementation of the rehabilitation schemes. A positive trend shows an overall improved performance while a negative trend denotes poor operating efficiency.

To evaluate the effectiveness of the implementation of the rehabilitation schemes sanctioned by the BIFR in improving the overall performance of companies, their ‘Z’ score has been calculated and the trend is shown in Table 5.10.

\textsuperscript{17} Instead of market value of shares book value of shares are considered since the shares of most of the companies are not traded in the BSE/NSE.
### Table 5.10: Overall Performance of Sick Companies

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Andhra Cements Ltd</td>
<td>3041</td>
<td>0.5900</td>
<td>-0.0097</td>
<td>0.0214</td>
<td>0.3159</td>
<td>0.4218</td>
<td>0.4171</td>
<td>0.2171</td>
<td>0.2146</td>
<td>0.2960</td>
<td></td>
<td></td>
<td>0.0209</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Bimly Ltd</td>
<td>12874</td>
<td>8494</td>
<td>8377</td>
<td>3136</td>
<td>0</td>
<td>4066</td>
<td>0.1923</td>
<td>0.1777</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.1507</td>
</tr>
<tr>
<td>3</td>
<td>Asian Bearings Ltd</td>
<td>3622</td>
<td>2378</td>
<td>0.4399</td>
<td>0.5375</td>
<td>0.5936</td>
<td>0.6340</td>
<td>0.4953</td>
<td>0.5865</td>
<td>0.4936</td>
<td>0.4596</td>
<td></td>
<td></td>
<td>0.0201</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Niton Ltd</td>
<td>6878</td>
<td>6493</td>
<td>0.6934</td>
<td>0.6943</td>
<td>0.8722</td>
<td>0.9394</td>
<td>0.6982</td>
<td>0.6137</td>
<td>0.5537</td>
<td>0.6270</td>
<td></td>
<td></td>
<td>-0.0093</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>India Polyfibres Ltd</td>
<td>4721</td>
<td>5503</td>
<td>0.7177</td>
<td>0.6106</td>
<td>0.4564</td>
<td>0.3269</td>
<td>0.6245</td>
<td>0.3018</td>
<td>0.7650</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.0007</td>
</tr>
<tr>
<td>6</td>
<td>Priyadarshini Cements Ltd</td>
<td>8360</td>
<td>9582</td>
<td>9347</td>
<td>1.3644</td>
<td>1.6382</td>
<td>1.7012</td>
<td>1.6172</td>
<td>1.6390</td>
<td>0.7347</td>
<td>0.9236</td>
<td></td>
<td></td>
<td>0.0216</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Modi Industries Ltd</td>
<td>1.3200</td>
<td>1.4260</td>
<td>1.0541</td>
<td>0.9675</td>
<td>0.7442</td>
<td>0.7827</td>
<td>0.6599</td>
<td>0.7121</td>
<td>0.7688</td>
<td>0.8197</td>
<td></td>
<td></td>
<td>-0.0544</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Munjal Auto Industries Ltd</td>
<td>5.195</td>
<td>0.3966</td>
<td>0.5027</td>
<td>0.5115</td>
<td>0.4503</td>
<td>0.5616</td>
<td>0.9246</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.0333</td>
</tr>
<tr>
<td>9</td>
<td>Shiva Suitings Ltd</td>
<td>0.5089</td>
<td>0.0118</td>
<td>0.0799</td>
<td>0.0021</td>
<td>-0.0092</td>
<td>-0.0046</td>
<td>-0.0058</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.0595</td>
</tr>
<tr>
<td>10</td>
<td>Scooters India Ltd</td>
<td>0.0461</td>
<td>0.0433</td>
<td>0.0746</td>
<td>0.0689</td>
<td>0.0881</td>
<td>0.7118</td>
<td>1.3148</td>
<td>1.2059</td>
<td>1.3186</td>
<td>0.9055</td>
<td></td>
<td></td>
<td>0.1617</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Saregama India Ltd</td>
<td>8768</td>
<td>0.9673</td>
<td>1.0337</td>
<td>1.2488</td>
<td>1.7165</td>
<td>1.2488</td>
<td>1.2781</td>
<td>1.1092</td>
<td>0.5127</td>
<td>0.7027</td>
<td></td>
<td></td>
<td>-0.0288</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>GTC Industries Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.7672</td>
<td>0.5117</td>
<td>0.5283</td>
<td></td>
<td>-0.1195</td>
</tr>
<tr>
<td>13</td>
<td>Kings Chemicals and Distillers Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.1586</td>
<td>0.0289</td>
<td>0.0262</td>
<td>0.0153</td>
<td>0.0138</td>
</tr>
<tr>
<td>14</td>
<td>Dynavision Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.9994</td>
<td>1.3890</td>
<td>1.344</td>
<td>1.383</td>
<td>1.410</td>
</tr>
<tr>
<td>15</td>
<td>Incab Industries Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.7288</td>
<td>0.7944</td>
<td>0.8488</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Coromandal Cements Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.6879</td>
<td>0.8445</td>
<td>0.1003</td>
<td>0</td>
<td>0.7051</td>
</tr>
<tr>
<td>17</td>
<td>Bhoruka Aluminium Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.0142</td>
<td>-0.0124</td>
<td>2.1128</td>
<td>-0.0011</td>
<td>2.6266</td>
</tr>
<tr>
<td>18</td>
<td>Travancore Rayons Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.5505</td>
<td>0.6027</td>
<td>0.9038</td>
<td>9.264</td>
<td>0.7715</td>
</tr>
<tr>
<td>19</td>
<td>Metal Box Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.6944</td>
<td>0.8096</td>
<td>0.6182</td>
<td>0.4068</td>
<td>0.1582</td>
</tr>
<tr>
<td>20</td>
<td>Aluminium Industries Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.2820</td>
<td>0.4437</td>
<td>0.7766</td>
<td>0.6173</td>
<td>0.5930</td>
</tr>
</tbody>
</table>

(Table Continued....)

154
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>South India Wire ropes Ltd</td>
<td>510</td>
<td>4653</td>
<td>5889</td>
<td>6165</td>
<td>3911</td>
<td>2122</td>
<td>5314</td>
<td>4177</td>
<td>2369</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.178</td>
</tr>
<tr>
<td>22</td>
<td>Kerala Minerals and Metals Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.4331</td>
</tr>
<tr>
<td>23</td>
<td>Pigments India Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.0030</td>
</tr>
<tr>
<td>24</td>
<td>Elecr substrates Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.0429</td>
</tr>
<tr>
<td>25</td>
<td>Steel and Industrial Forgings Ltd</td>
<td>2965</td>
<td>3038</td>
<td>4580</td>
<td>6827</td>
<td>7443</td>
<td>7717</td>
<td>7926</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.0968</td>
</tr>
<tr>
<td>26</td>
<td>The Travancore Sugars and Chemicals Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.0134</td>
</tr>
<tr>
<td>27</td>
<td>Transformers and Electricals Kerala Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.1011</td>
</tr>
<tr>
<td>28</td>
<td>Hindustani Cylinder Co. Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.1521</td>
</tr>
<tr>
<td>29</td>
<td>Raj Prakash Chemicals Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.0933</td>
</tr>
<tr>
<td>30</td>
<td>Modern Dairies Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.2491</td>
</tr>
<tr>
<td>31</td>
<td>Zenith Ltd</td>
<td>7926</td>
<td>8091</td>
<td>7636</td>
<td>8592</td>
<td>1.106</td>
<td>1.130</td>
<td>1.6315</td>
<td>1.3357</td>
<td>1.0463</td>
<td>1.3138</td>
<td></td>
<td></td>
<td></td>
<td>0.0399</td>
</tr>
<tr>
<td>32</td>
<td>Maharashtra Explosives Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.1466</td>
</tr>
<tr>
<td>33</td>
<td>Bhoruka Steel Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.1140</td>
</tr>
<tr>
<td>34</td>
<td>Mardia Steel Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.0176</td>
</tr>
<tr>
<td>35</td>
<td>Annapurna Foils Ltd</td>
<td>3144</td>
<td>3318</td>
<td>3536</td>
<td>7166</td>
<td>6610</td>
<td>6780</td>
<td>5460</td>
<td>3140</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.0103</td>
</tr>
<tr>
<td>36</td>
<td>Gujarat Steel Tubes Ltd</td>
<td>2.0530</td>
<td>2.1363</td>
<td>0.157</td>
<td>0.230</td>
<td>0.303</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.6326</td>
</tr>
<tr>
<td>37</td>
<td>Ipi Steel Ltd</td>
<td>2.0936</td>
<td>2.4799</td>
<td>2.1392</td>
<td>1.7750</td>
<td>0</td>
<td>0</td>
<td>2.1547</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.2470</td>
</tr>
<tr>
<td>38</td>
<td>Shree Karthik Papers Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.0837</td>
</tr>
<tr>
<td>39</td>
<td>Dunlop India Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.0949</td>
</tr>
<tr>
<td>40</td>
<td>Carona Ltd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.0721</td>
</tr>
</tbody>
</table>

Source: Annual Reports.

155
Table 5.10 shows that among the 40 sick companies selected for the study, only in 12 companies, including four companies declared by the BIFR as ‘no longer sick’ the implementation of the rehabilitation schemes helped to improve their overall performance. In 28 cases, the performance deteriorated after implementing the rehabilitation schemes. This makes it clear that in 70 percent companies the implementation of the rehabilitation schemes was not effective in improving their overall performance whereas only in 30 percent cases the schemes produced encouraging results.

* * * * * * * *