

Corporate and Financial Strategies of Abhishek Industries Ltd. : A Listed Textile Company of Punjab

* *Sheenu Gupta*
** *Gurcharan Singh*

Abstract

The financial success of any company can be attributed to powerful strategies. Long time financial strategies showcase the planning and work-culture being practiced by various companies with respect to their competitors. The present study related and referred to the financial strategies of Abhishek Industries Ltd. (now named as Trident Group) through analysis of its financial data for 10 years (1999-2010). The main objective of the study was to assess the performance of Abhishek Industries Ltd. by using analytical financial tools that can provide an insight into the financial competence of the company and aided in understanding the strengths and weaknesses pertaining to its financial strategies.

Keywords: strategies, expansion, cost, sales, production, value chain, shareholders value, market price, and interest cost

JEL Classification: G3, G30, G31, G32

Paper Submission Date : February 19, 2014 ; **Paper sent back for Revision :** September 2, 2014 ; **Paper Acceptance Date :** November 1, 2014

Strategy is the field of study which has developed considerably in the last three decades. Modern day corporate firms have accessed the highly competitive environment and possess critical knowledge to generate competitive edge on to its peers so as to fight the threats of losing market share (Casadesus-Masanell, & Ricart, 2009). The basic aim of any company is to add value to the stake of its shareholders. Shareholders' value represents the market value of a company and the investors' confidence or perception about the company with respect to its peer group (Rappaport, 1998).

Incorporated in 1990, Abhishek Industries Ltd. (now Trident Group) has turned out to be the world's largest agro-based paper and yarn manufacturing company in India. The product portfolio of Abhishek Industries includes home textile, yarn, paper, chemical, and energy production. The company is headquartered in Ludhiana, with an employee strength of more than 10,000, and total assets of INR 31845.3 million (Annual Report of Abhishek Industries Ltd., 2013-2014).

With the formation of WTO, followed by the inclusion of the textile industry under the WTO regime, there have been drastic changes in the policies between 1999 to 2010 pertaining to the textile industry in India. The industry has become far more competitive and challenging. The current study of corporate and financial strategies of Abhishek Industries Ltd. offers an opportunity for analysis of current policies and planning for future policy formulation.

Objectives of the Study

↳ To study the growth of Abhishek Industries Limited.

* *Assistant Professor*, Chandigarh University, National Highway 95, Chandigarh-Ludhiana Highway, Sahibzada Ajit Singh Nagar, Punjab - 140 413. E-mail : sheenu_mba@yahoo.com

** *Professor*, Punjabi University, Patiala - 147002, Punjab. Email : guru64@gmail.com

- ↳ To analyze the corporate strategies of Abhishek Industries Limited.
- ↳ To examine the financial strategies followed by Abhishek Industries Limited.
- ↳ To evaluate the impact of financial strategies on the performance of the selected company.

Hypotheses

For the purpose of study, the following hypotheses are set :

- ➔ **Ho1** : EPS positively affects market value of shares.
- ➔ **Ha2** : There is a significant relationship between equity market value of Abhishek Industries Limited and ROA, ROE, and ROCE together.
- ➔ **Ha3** : There is a significant relationship between equity market value of Abhishek Industries Limited and ROA separately.
- ➔ **Ha4** : There is a significant relationship between equity market value of Abhishek Industries Limited and ROE separately.
- ➔ **Ha5** : There is a significant relationship between equity market value of Abhishek Industries Limited and ROCE separately.

Research Methodology

↳ **Research Design** : The research design for this study is descriptive in nature, that is, it provides the description of financial and corporate strategies undertaken by M/s Abhishek Industries Limited. The information required to undertake the present study is definite and the research was pre-arranged and pre-planned.

↳ **Data Collection** : Secondary data pertaining to the time period from 1999-2010 was used to achieve the objectives of the study. Secondary data for the present study were obtained from various publications, databases, and annual reports of the company.

↳ **Tools of Analysis** : Corporate and financial strategies are adopted by companies to maximize shareholders' wealth, which revolve around maximizing market price of a company. Furthermore, the market price of a company is dependent on EPS, ROA, ROE, and ROCE. So, to test and validate the relationship between market price and EPS, ROA, ROE, and ROCE, tools of correlation and regression were used in this study..

Results and Discussion

Financial Health of Abhishek Industries Limited in the Last 10 Years

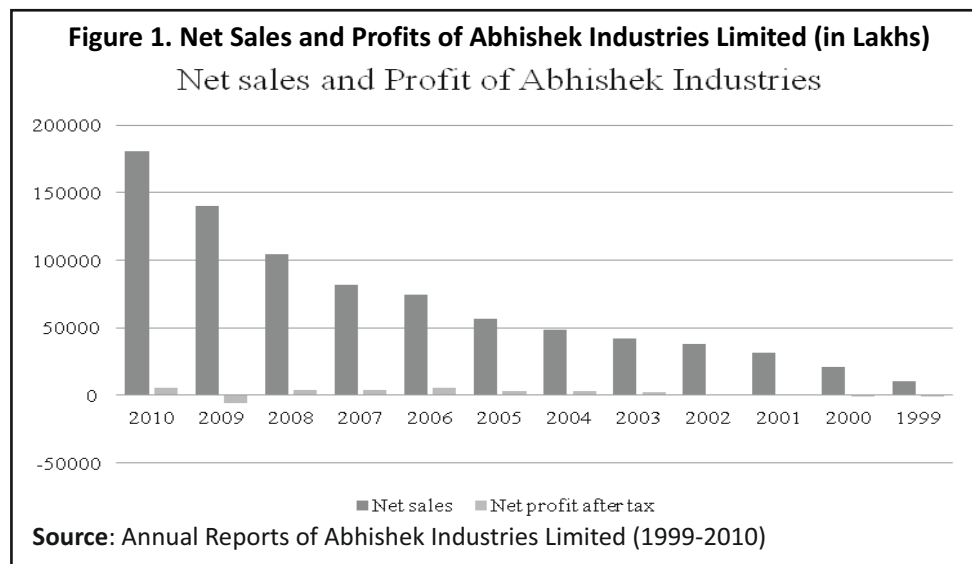
The performance of Abhishek Industries Limited in the last 10 years has witnessed a tremendous growth. Net sales increased from ₹ 10,158.31 lakhs in 1999 to ₹ 18,036.00 lakhs in 2010, with the correspondence increase in net profit after taxes from ₹ 273.31 lakhs in 1999 to ₹ 5,646.00 lakhs in 2010 (Figure 1).

[1] Return on Assets (ROA) : ROA suggests how efficiently a company is using its assets (Kupiec & Lee, 2012). The higher the ROA ratio, the better it is (Damodaran, 2007). The Figure 2 highlights the ROA of Abhishek Industries Limited for the last 10 years, whereas factors affecting ROA are shown in the Table 1.

Table 1. Factors Affecting ROA and ROE

Year	Return on Assets in %	PAT (in Lakhs)	Average Asset (in Lakhs)	/Unit SP of Yarn in ₹	/Unit Cotton Cost in ₹	Average Interest Rate in %	DEP in Lakhs	₹ Valuation Against \$	Foreign Exchange Gain or (Loss) in Lakhs
2010	2.38	5646	237099	125	66	6.40	17444	45	(1610)
2009	-2.49	(5304)	212774	110	63	5.86	11593	46	(14407)
2008	2.27	3995	176064	97	52	4.16	8638	50	NIL
2007	3.00	4094	136378.5	100	49	4.53	7992	39	NIL
2006	6.03	5682	94194.5	91	45	4.74	6140	45	NIL
2005	5.23	3409	65121.12	109	55	6.12	4739	46	NIL
2004	5.95	2376	59529.17	111	56	8.96	4045.20	44	NIL
2003	5.81	2032	47700.21	99	47	12.63	3758.07	46	NIL
2002	3.29	1144	34717.15	99	47	19.20	3059.77	48	NIL
2001	1.86	585	31494.65	105	52	17.20	2378.40	48	NIL
2000	-1.03	(234)	22585.95	102	50	19.55	1940.68	47	NIL
1999	-1.80	(111)	7602.28	103	50	12.92	844.51	43	NIL

Source: Annual Reports of Abhishek Industries Limited (1999- 2010)



The ROA of Abhishek Industries Limited has been fluctuating over 10 years. It was negative in 1999 and 2000 respectively. Thereafter, it rose in the subsequent years and got stable in 2003 and 2004 respectively. After witnessing a decline in 2005, it suddenly accelerated in the year 2006, with a fall in the subsequent years. Finally, the ROA recovered in the year 2010. The ROA increased from -1.80% in 1999 to 5.95% in 2004. Such an increase in ROA was due to an increase in profit after tax (PAT), which happened due to an increase in the selling price of yarn and decrease in the interest cost (Table 1). The selling price of yarn increased from ₹103/unit in 1999 to ₹111/unit in the year 2004. Furthermore, as per the Table 1, the interest cost declined from 12.92 % in 1999 to 8.96% in 2004. Thence, a forward dip in ROA to 5.23% in 2005 from 5.95 % in 2004 was due to a decline in the selling price of yarn from ₹111 to ₹109/unit. Subsequently, due to global recession, the ROA dropped sharply from 6.03% in 2006 to -2.49% in 2009 (Table 1).

As per the research conducted by JCR-VIS (2010), demand for garments and textiles fell considerably in the year 2007 to 2009 due to recession, especially in USA, Japan, and Europe. The rupee appreciated against dollar.

Table 2. Factors Affecting ROCE

Year	Capital Employed in Lakhs	% Change In Capital Employed	EBIT In (Lakhs)	% Change in EBIT	ROCE in %
2010	215920	13	18480	-33	9
2009	191462	18	27719	19	14
2008	162489	27	23239	-6	14
2007	128050	45	24848	1	19
2006	88614	46	24487	81	28
2005	60568	11	13507	21	22
2004	54374	23	11207	-17	21
2003	44321	38	13548	182	31
2002	32177	11	4802	19	15
2001	28968	39	4037	17	14
2000	20795	51	3460	211	17
1999	13775		1113		8

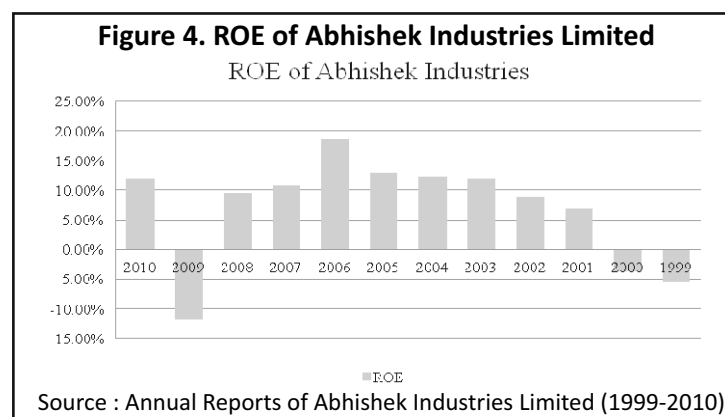
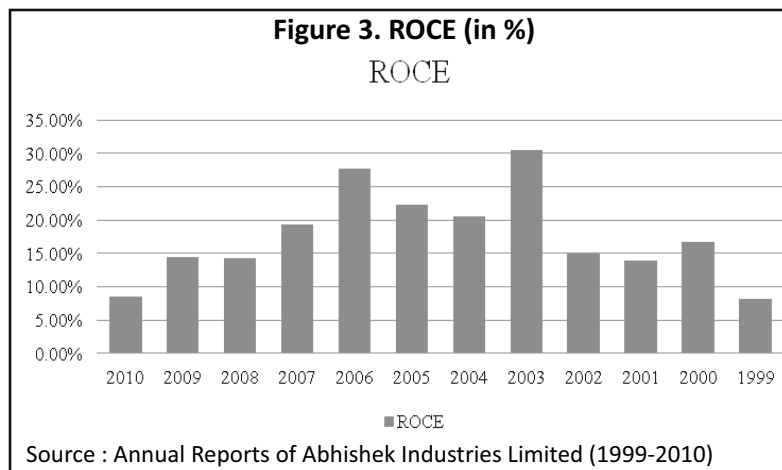
Source: Annual Reports of Abhishek Industries Limited (1999-2010)



Furthermore, the selling price of yarn increased from ₹ 91 in 2006 to ₹ 110 in 2009 ; whereas, the cost price of cotton rose from ₹ 45 in 2006 to ₹ 63 in 2009 (Table 1). It can be inferred from the Table 1 that the company under study also faced losses worth ₹ 14407 lakhs on account of foreign exchange losses in the year 2009. In 2010, the ROA again jumped to 2.38% . Such a jump was due to recovery in demand, which was seen due to an increase in the selling price of yarn from ₹ 110 to ₹ 125 (Appendix Table 2).

[2] Return on Capital Employed (ROCE) : The ROCE indicates the efficiency and ability of a company to accomplish profitability from its capital investments (Singh & Yadav, 2013). The Figure 3 displays a ROCE of Abhishek Industries Limited in the last 10 years, and the Table 2 explains the factors affecting the ROCE. Capital employed (Table 2) of the company increased year after year, so the reason behind fluctuating ROCE was swinging EBIT (Table 2).

ROCE of Abhishek Industries Limited showed a lot of fluctuations in the last 10 years. It rose in 2000, followed by a fall in the subsequent years until 2002, but increased tremendously in 2003. It fell in 2004 and 2005, followed



by its recovery in 2006. Later, it fell again in the years 2007 and 2008 respectively, followed by a negligible increase in 2009. Again, it dropped in the year 2010. ROCE increased from 8% in 1999 to 17% in 2000 due to more increase in EBIT as compared to capital employed (Table 2). Such gain in EBIT was due to increase in sales by 102% from 1999 to 2000 (Appendix Table 4). The year 2001 witnessed a decline in ROCE due to fact that the company was not able to generate profits in commensurate with the capital investments (Appendix Table 1). In 2003, there was a jump in ROCE from 14% to 31% (Figure 3).

The logic behind the same appears to be the increase in sales by 52% in comparison to increase in cost of goods sold (COGS) which rose just by 16% (Table 2). Furthermore, in 2003, the company took initiatives - like Six Sigma and Kaizen - to reduce the manufacturing cost due to which, the wastage was reduced, which resulted in an decline in manufacturing expenses (Appendix Table 4). Furthermore, in 2003, the company acquired raw materials at the rate of ₹ 47 in comparison to ₹ 52 in 2003 (Table 1). The year 2004 witnessed a sharp fall in ROCE from 31% to 21% (Table 2) due to decline in its operating income by 20%, increase in COGS by 33%, and increase in selling and distribution expenses by 35% (Appendix Table 4). The same year faced an increase in cost of raw material from ₹ 47/unit to ₹ 56/unit along with a decline in the value of dollar against rupee from ₹ 46 to ₹ 44 (Table 1). In 2006, ROCE recovered from 21% to 28% in the year 2006 and 2004 respectively (Table 2).

In 2006, the company acquired its agro- based raw material at a very economical price, that is, ₹ 45/unit as compared to ₹ 56 /unit in 2004 along with a substantial fall in financial cost from 8.96% in 2004 to 4.74 % in 2006 respectively (Table 1). In 2008, owing to a very sharp augmentation in the cost of raw material (Table 1) from ₹ 45 /unit to ₹ 52 /unit, the ROCE declined from 28% to 14% (Table 2) along with a hike in the personnel cost (Appendix Table 4). The ROCE further declined in the year 2010 due to foreign exchange loss of ₹ 1610 lakhs, and a sudden hike in the cost of raw material from ₹ 52 /unit in 2008 to ₹ 66 /unit in 2010, weakening of dollar value

Table 3. Installed Capacity and Actual Production in the Last 10 Years

Installed capacity	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Cotton spindles (in nos)	176352	125952	125952	125952	85776	63091	74326	96078	58752	69768	68976	44496
Rotors (looms)	1920	1920	1920	1920	1920	1024	256					
Processed yarn (TPA)	6825	6825	6825	6825	6825	5460	4940	5958	3813	4528	4767	1191
Towels (looms)	374	350	282	268	268	166	122	127	76	76	68	16
Actual Production												
Yarn (MT)	48115	40072	42244	35904	26603	19892	17801	16048	14727	15319	13285	8506
Processed Yarn (MT)	4770	5236	5024	4677	3706	5894	5065	4648	3804	1900	866	183
Towel (MT)	29152	28311	24616	17463	18189	9093	6636	5175	3985	3421	2394	528

Source: Annual Reports of Abhishek Industries Limited (1999-2010)

against rupee from ₹ 50 to ₹ 45, and an increase in the interest cost from 4.16 % in 2008 to 6.40% in 2010 (Table 1).

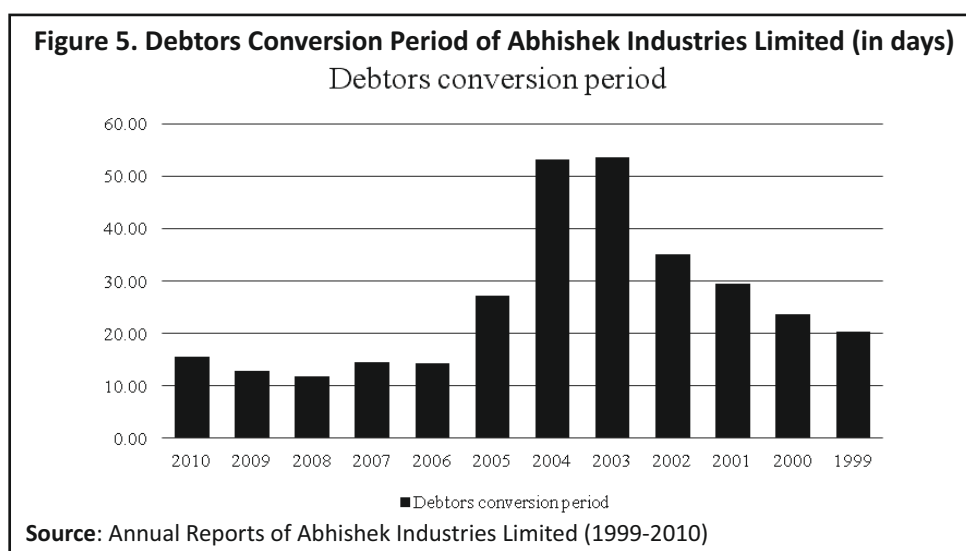
[3] Return on Equity (ROE) : The ROE measures the capability of a corporation to generate profit with the money shareholders have invested (Cîrciumaru, Siminică, & Marcu, n.d.). Generally, a high ROE is considered to be good because companies producing higher ROE will produce more earnings and free cash flow. ROE of Abhishek Industries Limited fluctuated over 10 years (Figure 4). It was negative in 1999 and 2000 respectively. Thereafter, it rose in the subsequent years and got stable in 2003 and 2004 respectively. It displayed an intensive growth in the year 2006, with fall in subsequent years. Finally, the ROA recovered in the year 2010. ROE increased from -5.53 % in 1999 to 12.28 % in 2004 due to an increase in the selling price of yarn and decrease in the interest cost (Table 1). The year 2006 witnessed considerable decline in the cost price of agro-based raw material from ₹ 56 /unit in 2004 to ₹ 45/unit in 2006 (Table 1), due to which ROE increased from 12.28 % in 2004 to 18.56 % in 2006 (Table 3).

In 2009, rupee appreciated against dollar, that is, it became ₹ 46 against 1 U.S. \$, and the cost price of cotton rose from ₹ 45 in 2006 to ₹ 63 in 2009, foreign exchange loss of ₹ 14407 lakhs (Annual reports, Abhishek Industries Limited) occurred, which affected ROA and it dropped sharply to -11.9 % (Table 1). In 2010, the ROA again jumped to 11.9% due to increase in selling price of yarn from ₹ 110 to ₹ 125, reduction in loss on account of foreign exchange from ₹ 14407 lakhs to ₹ 1610 lakhs from the year 2009 to 2010 respectively (Appendix Table 2).

✎ **Corporate Strategy of Abhishek Industries Limited :** As per Porter (1986), strategy is a broad formula for how a business is going to compete, policies will be needed to carry out those goals. In the words of Mintzberg (1994), strategy is a plan, a pattern, a position, a perspective. There are three levels of strategy, namely corporate, business, and functional (Markgraf, n.d).

Corporate strategy deals with the entire organization which specifies actions to be taken by a firm to gain a competitive advantage (Hitt, Ireland, & Hoskisson, 2004). The three main corporate strategies include growth, stability, and retrenchment. Growth strategy aims at winning a larger market share, even at the expense of short-term earnings, increase in sales, profits, and other performance parameters (Acquaah, n.d). The corporate strategy of Abhishek Industries Limited is growth strategy. It is evident from an increase in its markets. The products of Abhishek Industries Limited are supplied to USA, UK, Korea, Israel, Ireland, Belgium, New Zealand, Singapore, Malaysia, Mauritius, Malta, South Africa, Egypt, Bangladesh, Japan, Australia, Holland, Denmark, Sweden, and Middle East. Later, from 2006 to 2010, the company expanded its markets and also included in the list Dubai, Canada, Nepal, Mexico, Yemen, Iran, Sri Lanka, Turkey, Ethiopia, Botswana, and Netherlands (Annual Reports of Abhishek Industries Limited). Hence, the company has endeavored consistently to increase its capacity and production levels (Table 3).

In conjunction with production, the sales of the company showed tremendous growth in the last 10 years



(Appendix Table 2). To achieve their growth strategy, the company undertook product development, market development, vertical integration, and continuous addition to its capacity and thereby raised its operations.

↳ **Financial Strategy of Abhishek Industries Limited** : In life's battles, everything is not won by strength, but by strategy (Chirgwin, 2013). The success stories of companies revolve around sound financial strategy (Liu, 2010). The financial strategies followed by Abhishek Industries Limited are increasing the sales and controlling the cost by expanding markets, products, and production capacity; modernization of units to enable economies of scale ; vertical integration to complete the value chain ; formulation of credit policy to reduce debtors conversion period ; foreign financing and swapping of high cost rupee term loans with low cost. Expansion in the production capacities and modernization in technologies increases economies of scale and raises the profit margins (Riley, 2012).

Another very important financial strategy followed by Abhishek Industries Limited is interest rate swap. Interest rate swaps are financial agreement between two parties (Bicksler & Chen, 1986). The advantage of interest rate swaps is that it helps in availing inexpensive debt. Availing of low cost debt helps in reducing the overall cost and thereby increases the net profit after tax (Titman, 1992). The effect of swapping can be witnessed from the decreased interest cost w.e.f 2003 (Appendix Table 3). The company is involved in vertical integration from yarn to terry towels and customization of products since 2004. Vertical integration is very often an applied strategy to create economies of scale. Various research studies have showed mixed results of vertical integration - positive, negative, significant, and sometimes insignificant (Isaksen, Dreyer, & Gronhaug, 2007). In the case of the company under study, the impact of the same can be seen from an increase in sales from 2004 onwards, with a corresponding increase in profits (Figure 1). In 2005, the company also documented its credit policy to reduce the debtor conversion period (Figure 5). Shorter debtor conversion period implies prompt payment on the part of the debtors (Khan & Jain, 2006). It is evident from the Table 3 that due to reduction of debtors conversion period from 2005 onwards, the net sales accelerated. To keep itself sustainable in the market, Abhishek Industries Limited expanded its markets and product basket. It widened its export markets, which led to acceleration of exports (Table 4). Consequently, it has worked consistently in the area of product development. It can be witnessed from the Table 4 that exports of Abhishek Industries Limited surged every year.

The product portfolio of Abhishek Industries Limited includes grey/dyed/mercerised/single/doubled TFO yarn/combed and carded/slub/zero twist yarn. Furthermore, in case of terry towels, the product basket includes bath robes, bath mats, bath/beach/gym/kitchen towels, and table linen. Abhishek Industries Limited is driven by the corporate philosophy of continuous growth in harmony with the environment and customer satisfaction. This

Table 4. Exports of Abhishek Industries Limited

YEAR	EXPORTS (in Lakhs)
2010	83920
2009	68620
2008	51928
2007	43520
2006	41897
2005	26402
2004	22170
2003	19946
2002	17582
2001	14520
2000	8308
1999	5316

Source: Annual Reports of Abhishek Industries Limited (1999-2010)

could be the driving force behind the corporate and financial strategies adopted by Abhishek Industries Limited to achieve growth through expansion.

Correlation and Regression

✎ **EPS and Equity Market Value :** The correlation between EPS and equity market value of Abhishek Industries Limited is found to be positive, that is, 0.377. The R^2 of EPS and equity market value is 14%. EPS is one variable, which affects the equity market value. The R^2 (14%) implies that there are other variables also, which affect the equity market value. The p - value for the same is 0.22 at 5% significance level. Furthermore, the Beta is 3.12. Thus, if the EPS increases by ₹ 1, the equity market value increases by ₹ 3.12. So, H_01 is accepted.

✎ **ROA, ROE, ROCE, and Equity Market Value :** The correlation between ROCE and market price of shares is +0.55, whereas the relationship between ROE and ROA with market price of shares is +0.51 and +0.62 respectively.

Regression Analysis

The adjusted R^2 is 22% in case of H_{a2} . It is considered to be a higher value. So, we can accept H_{a2} . However, in the third hypothesis, the adjusted R^2 is 32%, with p - value .02. Hence, we can accept H_{a3} that there exists a significant relationship between ROA and EPS. The adjusted R^2 in the case of regression between equity market and ROE is 19%, with p -value of 0.08. Hence, we can accept H_{a4} also. The adjusted R^2 is 22% in case of H_{a5} , with p -value of 0.06. By this, H_{a5} is also accepted as there exists a significant relationship between ROCE and equity market value.

Conclusion

The corporate strategy followed by Abhishek Industries Limited is a growth strategy. In being consistent with the growth strategy, the financial strategies followed by the company under study include an increase in sales and controlling the cost by expanding markets, products, and production capacity, modernization of units to enable

economies of scale, vertical integration to complete the value chain, formulation of credit policy to reduce debtors' conversion period, foreign financing and swapping of high-cost rupee term loans with low cost, market development, vertical integration, and continuous addition in the capacity, and thereby increase in its operations.

Although, the company works year by year on its sustainability by following various cost effective policies, the earnings per share (EPS) of the said company were comparatively lesser as compared to other listed textile companies of Punjab (Appendix Table 5). EPS is that portion of profits of the company, which is divided amongst the outstanding equity shares and is considered to be an important indicator, as it affects the stock return of the share positively (Emamgholipour, Pouraghajan, Tabari, Haghparast, & Shirsavar, 2013). Mirfakhr - Al - Dini, Dehavi, Zarezadeh, Armesh, Manafi, and Zraezadehand (2011) showed a significant positive relation between EPS and stock price. Bhatt and Sumangala (2012), on the basis of cross-sectional time series, found a positive relation between EPS and market price of shares. EPS affects market price of the share, and market price of the shares further serves the wealth maximization objective of the shareholders. The effect of ROA, ROE, and ROCE is reflected on the market price of the company and hence on the wealth maximization (Kabajeh, AL Nu'aimat, & Dahmash, 2012).

From the discussion and regression analysis, it can be concluded that market price of Abhishek Industries Limited can be raised by accelerating EPS, ROA, ROE, and ROCE and further EPS, ROA, ROE, and ROCE can be increased by increasing net profits (Appendix Table 3). Net profits can be accelerated by cutting the personnel and selling & distribution costs, which are higher in the case of Abhishek Industries limited (Appendix Tables 6 & 7).

Limitations of the Study and Scope for Further Research

Due to the abridged version of the annual reports prepared by the company and such data forms (which acted as the basis for the secondary data for analysis), the reliability and authentication of such data could be uncertain. Major changes in India's textile policy took place in the period from 1999-2000, such as implementation of Technology Up gradation Fund (EPCG), setting up of Cotton Technology Mission. The time period of the study is taken as 10 years, but the recession hit many of the textile industries badly in 2008, 2009, and 2010. After these years, many changes took place in the strategies of the company under study, which are currently being adopted till date while the research was being carried out. Hence, researchers in the future can examine the performance of the organization for the time period post 2009-2010, and can analyze the new strategies adopted by the company to deal with the turbulent times brought about the financial crisis.

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Appendices

Appendix Table 1. Balance Sheet (Figures in Lakhs)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
SOURCES OF FUNDS												
1. SHAREHOLDERS FUND												
A. CAPITAL	22219.00	22219.00	19419.00	19419.00	19419.00	15536.00	18449.00	24274.47	14359.57	7450.68	5147.71	2,550.49
B. RESERVES & SURPLUS	28061.00	22415.00	24505.00	20526.00	15772.00	9842.40	8492.85	6467.63	2041.82	756.30	412.13	467.33
C. EQUITY WARRANTS			600.00		660.00							
D. APPLICATION MONEY										1446.00	1926.50	1,926.00
2. LOAN FUNDS												
A. SECURED LOANS	170001.00	155369.00	128281.00	98776.00	68793.00	37205.60	23778.65	20437.15	17143.78	19210.78	19901.93	8,832.76
B. UNSECURED LOANS	1105.00	321.00	278.00	215.00	157.00	1056.00	342.00	133.25	74.20	767.22	399.56	50.00
3. DEFERRED TAX LIABILITY	6839.00	3290.00	6446.00	6731.00	5632.00	4285.60	3901.15	943.25				
APPLICATION OF FUNDS												
1. FIXED ASSET												
A. GROSS BLOCK	233878.00	210321.00	132732.00	121010.00	100744.00	65744.00	53565.50	59768.66	37206.12	29201.52	25121.86	10,603.29
B. LESS: DEPRECIATION	79667.00	63152.00	52012.00	43752.00	36073.00	24250.40	24986.60	27752.45	14980.94	9059.05	5473.47	2,954.45
C. NET BLOCK	154211.00	147169.00	80720.00	77258.00	64671.00	41493.60	28578.90	32016.20	22225.18	20142.38	19648.36	7,648.84
D. CAPITAL WIP	17595.00	20937.00	63386.00	30112.00	12093.00	3871.20	4287.30	2012.03	787.08	794.44	586.38	2,289.92
E. PRE- OPERATIVE EXP							546.00	220.72	15.66	69.25	21.78	52.89
F. CAPITAL EXPENDITURE									19.20	67.80	93.00	120.00
2. INVESTMENTS	3570.00	11871.00	7575.00	4576.00	5039.00	2053.60	1169.65	730.45	608.30	155.08	467.60	697.14
3. C A, LOANS AND ADVANCES												
A. INVENTORIES	39869.00	21100.00	22521.00	23419.00	19776.00	14224.80	13612.20	10878.08	5730.75	6693.62	5185.06	2,032.18
B. SUNDRY DEBTORS	9273.00	6021.00	3866.00	2990.00	3600.00	2315.20	6225.55	8226.57	4343.54	3006.15	2155.19	1,176.00
C. CASH AND BANK	2660.00	2011.00	3976.00	5322.00	4858.00	2297.60	1639.40	742.17	297.26	339.66	294.40	128.98
D. LOANS & ADVANCES	19060.00	18851.00	15544.00	10863.00	8180.00	3916.00	4011.25	4161.88	2385.36	1753.60	1515.57	1,058.62
LESS CURRENT LIABILITIES												
A. CURRENT LIABILITIES	16857.00	23421.00	16999.00	8468.00	4920.00	2608.00	5386.00	4441.59	2147.14	2893.58	2151.39	1,430.05
B. PROVISIONS	1156.00	925.00	1279.00	405.00	2864.00	768.80	344.45	137.81	32.30	8.07		
5. MISCELLANEOUS EXPENDITURE						180.00	386.25	801.94	762.95	236.61	99.15	52.05

Appendix Table 2. Profit and Loss A/c (Figures in Lakhs)

PARTICULARS	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
SALES(NET)	180336	139806	104867	81659	74364	56450	48898	42237	37740	31510	20704	10158
OTHER INCOME	1545	794	4311	2689	910	524	588	329	205	376	323	193
TOTAL	181881	140600	109248	84348	75274	56974	49486	42566	37944	31886	21027	10351
EXPENDITURE												
RAW MATERIAL CONSUMED	91132	71056	53143	37031	31963	25677	22972	17777	17838	17164	12030	6379
MANUFACTURING EXPENSES	25252	18342	15780	13548	10749	8681	7713	6950	5378	4156	2736	1233
PERSONNEL EXPENSES	18557	12854	12303	8384	6558	4549	4064	3634	2493	2055	1449	655
ADMINISTRATIVE, EXCHANGE RATE FLUCTUTATION AND OTHER EXPENSES	2804	4381	3163	3605	2775	2548	2325	2117	955	1077	599	226
INTEREST AND FINANCIAL CHARGES	10461	8332	4732	3808	2541	1910	2001	2386	3571	3465	2852	1148
SELLING AND DISTRIBUTION CHARGES	9869	7167	6752	5715	5246	4582	3499	2596	2120	1712	1129	377
(INCREASE)/DECREASE IN WIP AND FINISHED GOODS	-1359	819	-73	-1654	1876	-945	-2211	-1387	644	-1004	-1551	-280
INCREASE/(DECREASE) IN EXCISE DUTY ON FINISHED GOODS	27	-72	-1	-7				15	32	32	32	32
CAPITAL EXPENDITURE WRITTEN OFF					225	184	222	316	223	94	27	11
MISCELLANEOUS EXPENDITURE WRITTEN OFF												
DEPRECIATION AND AMORTISATION	17444	11593	8638	7992	6140	4739	4045	3758	3060	2378	1941	845
PROFIT BEFORE EXTRAORDINARY ITEM AND TAX	0	6128	4811	6141	7201	5050	4857	4404	1630	700	-236	-273
FOREIGN EXCHANGE GAIN OR (LOSS)	-1610	-14407										
PROFIT FOR THE YEAR BEFORE TAX	9304	-8279	4811	6141	7201	5050	4857	4401	1630	700	-236	-273
LESS:- PROVISION FOR												
CURRENT TAX	604		523	685	1169	394	394		47	17	2	
DEFERRED TAX CHARGE/(BENEFIT)	3364	-3156	-236	1099	275	1454	363	-1235	437	109		
FRINGE BENEFIT TAX	0	115	120	69	75							
MAT CREDIT ENTITLEMENT	-604		-126	-639								
INCOME TAX OF EARLIER YEAR	294	66	535	833		186	662	206	-3	-1		
PROFIT/(LOSS) AFTER TAX	5646	-5304	3995	4094	5682	3408	3542	2801	1144	585	-234	-111

Appendix Table 3. Ratios

RATIOS	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
RETURN ON ASSETS (PAT/Average assets)	2.38%	-2.49%	2.27%	3.00%	6.03%	5.23%	5.95%	5.87%	3.29%	1.86%	-1.03%	-1.80%
DEBTORS CONVERSION PERIOD	15.64	12.78	11.84	14.57	14.32	27.23	53.20	53.57	35.05	29.48	23.71	20.28
RETURN OF EQUITY (PAT/average equity)	11.90%	-11.90%	9.46%	10.80%	18.56%	13.03%	12.28%	11.88%	8.78%	6.82%	-3.76%	-5.53%
RETURN ON CAPITAL EMPLOYED (EBIT/average capital employed)	8.56%	14.48%	14.30%	19.40%	27.63%	22.30%	20.61%	30.57%	14.92%	13.94%	16.64%	8.08%
AVERAGE INTEREST RATE (Interest expenses/Average debt)	6.40%	5.86%	4.16%	4.53%	4.74%	6.12%	8.96%	12.63%	19.20%	17.20%	19.55%	12.92%

Appendix Table 4. Factors Affecting EBIT (in lakhs)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
SALES(GROSS)	182195	154561	120622	98598	88849	66370	57004	49207	39385	32298	21134	10466
LESS:- COGS	134587	103865	81309	58931	50677	41429	36286	27249	28682	23507	14516	8150
GROSS PROFIT	47609	50697	39314	39667	38172	24941	20718	21958	10704	8791	6618	2315
LESS:-												
ADMINISTRATIVE EXPENSES	2804	4381	3163	3605	2775	2548	2325	2117	955	1077	599	226
SELLING AND DISTRIBUTION CHARGES	9869	7167	6752	5715	5246	4582	3499	2596	2120	1712	1129	377
LESS:-OTHERS												
PERSONNEL EXPENSES(50%)	9279	6427	6152	4192	3279	2274	2032	1817	1247	1027	724	327
DEPRECIATION&AMORTISATION(50%)	8722	5797	4319	3996	3070	2370	2023	1879	1530	1189	970	422
OPERATING INCOME	16935	26925	18928	22159	23802	13167	10841	13549	4852	3786	3196	963
NET OPERATING INCOME	34379	38518	27566	30151	29942	17907	14886	17308	7912	6165	5136	1808
ADD:-OTHER INCOME	1545	794	4311	2689	910	524	588	329	205	376	323	193
	18480	27719	23239	24848	24712	13691	11428	13879	5057	4162	3519	1156
LESS:- OTHER EXPENSES EXCEPT INTEREST												
CAPITAL EXPENDITURE WRITTEN OFF					225	184	222	316	223	94	27	32
MISCELLANEOUS EXPENDITURE WRITTEN OFF												11
EBIT	18480	27719	23239	24848	24487	13507	11207	13548	4802	4037	3460	1113
LESS:-INTEREST&FINANCIAL CHARGES	10461	8332	4732	3808	2541	1910	2001	2386	3571	3465	2852	1148
EBT	8019	19387	18507	21040	21946	11598	9205	11161	1231	572	608	-35

Appendix Table 5. EPS of the Listed Textile Companies of Punjab (Figures in ₹)

EPS	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
VARDHMAN TEXTILE	37.00	24.37	21.21	29.72	33.98	20.90	23.37	16.51	9.87	22.77	22.30	19.31
NAHAR SPINNING	14.83	-4.61	3.33	17.82	16.91	9.61	15.82	14.90	16.25	27.37	16.67	16.70
ABHISHEK INDUSTRIES LIMITED	2.54	-2.64	2.6	2.11	2.93	1.75	1.81	1.42	0.70	0.73	0.18	0.17
NAHAR	4.82	0.27	0.61	17.58	26.31	6.65	10.83	3.99	-6.63	-0.29	-2.70	0.59
MALWA COTTON			-8.82	2.71	13.51	6.90					9.89	5.14
SALUJA	32.08	32.75	33.21	24.04	14.91							
OSWAL YARNS LTD.	-0.27	-0.34	-0.26	-0.21	-0.14	-0.67	0.05	0.00	0.01	0.13	0.11	0.14
BHANDARI EXPORTS	1.49	1.26	2.65	3.23	4.03	0.64	0.96	0.66	0.42	1.42	1.62	2.37
WINSOME YARNS LTD.	-0.47		0.80	4.23	2.59	1.40	0.68	3.53	1.86	2.66	2.78	2.19
JCT LTD.	-1.70	-1.72	0.11	0.31	0.32	0.07	-0.63	0.09	1.00	15.99	4.98	-6.02
GIRNAR FIBRES LTD.	0.00	0.00	-3.95	-1.53	-1.52	-2.67	-4.57	-5.47	-3.90	-4.05	0.01	-0.10
VARDHMAN.POLYTEX		-7.27	2.87	13.22	8.40	7.03	8.93	16.96	3.80	18.93	16.50	11.77
VARDHMAN.ACRYLICS	4.00	0.39	0.50	1.11	-0.37	1.81	0.76	0.88	-0.31	-0.92	-0.39	0.09

Appendix Table 6. Personnel Cost of Listed Textile Companies of Punjab

PERSONNEL COST	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
VARDHMAN TEXTILE LIMITED	7%	6%	7%	7%	6%	6%	5%	6%	6%	6%	6%	6%
NAHAR SPINNING	8%	7%	8%	9%	9%	8%	8%	7%	7%	7%	6%	6%
ABHISHEK INDUSTRIES LIMITED	12%	11%	13%	12%	11%	9%	9%	10%	9%	7%	7%	7%
NAHAR INTERNATIONAL	7%	7%	8%	7%	7%	6%	5%	6%	6%	4%	3%	4%
MALWA COTTON	11%	9%	10%	10%	11%	10%	9%	10%	9%	8%	9%	7%
SALUJA	2%	2%	3%	6%	4%	3%						
OSWAL YARNS LTD.	2%	2%	3%	1%	1%	1%	1%	1%	1%	1%	1%	1%
BHANDARI EXPORTS	2%	3%	3%	3%	3%	4%	8%	9%	9%	7%	6%	8%
WINSOME YARNS LTD.	5%	6%	4%	4%	4%	4%	3%	4%	4%	4%	4%	5%
JCT LTD.	10%	11%	11%	11%	11%	10%	10%	11%	12%	7%	7%	7%
VARDHMAN POLYTEX	5%	5%	14%	5%	5%	5%	5%	5%	5%	5%	6%	5%
VARDHMAN ACRYLICS	3%	3%	3%	3%	4%	3%	4%	4%	3%	3%	3%	4%

Appendix Table 7. Selling & Distribution (S & D) Cost of Listed Textile Companies of Punjab

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
VARDHMAN TEXTILE LTD.	4%	3%	4%	5%	9%	8%	9%	11%	11%	11%	11%	11%
NAHAR SPINNING	7%	8%	8%	7%	5%	5%	4%	4%	4%	5%	4%	5%
ABHISHEK IND. LTD.	6%	6%	7%	8%	9%	10%	8%	8%	7%	6%	5%	4%
NAHAR INTERNATIONAL	2%	2%	2%	3%	3%	3%	2%	4%	2%	2%	3%	2%
MALWA COTTON	3%	4%	4%	5%	6%	5%	5%	6%	5%	5%	5%	5%
ALUJA	2%	3%	4%	4%	10%	7%	9%	2%	3%	0%	0%	0%
OSWAL YARNS LTD.	5%	5%	4%	5%	6%	7%	10%	7%	6%	6%	5%	7%
BHANDARI EXPORTS	4%	6%	6%	8%	7%	6%	7%	8%	6%	7%	6%	7%
WINSOME YARNS LTD.	5%	5%	5%	5%	4%	4%	4%	4%	4%	4%	4%	4%
JCT LTD.			3%	2%	5%	3%	4%	4%	2%	4%	3%	3%
VARDHMAN POLYTEX	3%	3%	9%	4%	4%	4%	4%	4%	4%	4%	5%	3%
VARDHMAN ACRYLICS	0%	0%	0%	1%	1%	4%	4%	6%	5%	7%	6%	1%