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RESEARCH ARTICLE

FINANCIAL RESTRUCTURING ANDITSIMPACTON CORPORATE PERFORMANCE INCEMENTINDUSTRY ININDIA

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A B S T R A C T

Major objective of the paperisto study the impact of financial restructuring on corporate performance.The data was collected fromsecondary sources. Financial statements of cement sector firms both large and medium scale firms were analyzed and comparison of parameters such as sales, gross profits, net profits, gross assets, taxes paid by them to the government and current ratio,before and after restructuring was under taken. Pair edt-test was used to compare the performance of the sefirms before restructuring and after restructuring. The empirical result sindicate that financial restructuring has a significant impact on the financial performance of large and medium sized firms in the longrun.

INTRODUCTION

Indian Economy went a major transform after1991when the economy was open edup. Globalization; Liberalization and privatization terms were coined and successfully marketed. Indian manufacturing firms beganfacing competition from globalgiants. In the decade of nineties, many firms went through are structuring process where by business models were personalized to suit the competitive environment. This ultimately helped the firms to not only survive competition but also come out as globally competitive firms.On the other side; some organizations could not survive competition and turned sick. One of the major concerns for the lenders and the government was tomanage then on performing assets (NPA) level of the banks and financial Institutions and also to revive the potentiallsick units. The Government of India along with RBI came out with various mechanisms for rehabilitation and revival of sickindustries. Aquestional ways arises whether the present mechanisms followed by the banks and institutions are satisfactory or not. After restructuring, the impact on the performance of the company is required tobe looked into.

Following successful experience of developed countries, cement reforms in India followed suit. Restructuring of Cement manufacturing companies has been amajorgoal of there forms in Indian Cement sector to make them financially and physically viableentity. The need for having companies of suchstature was very critical not only to increase or sustainpublic sector investments, but also to encourage private investments in the cement sector. The restructuring of cement companiesis one of the important change management exercisesand regarded as transformation with out chaos.Thes tudy attempts to analyzean impact of restructuringon the financial performance of organization.

The period before 1991 was known as pre-reforms period where in the Indian economy was mainly governed through industrial licenses and controls. Due to this conservativepolicy of government to fIndia, public sector companies, Government corporations and very few business houses, facingvery less competition. Considering the initialstage of economic development, the system could have been considered as better for the given period. But this conservative policy resulted in to uneconomic and uncompetitive production systems. This leads to the higher cost of production and in efficiency.

From 1980 on wards, deregulation policy was initiated and the government relaxed Entry barriers. Slowly and gradually, certain restricted clauses had been removed by the government in the MRTPAct.

At the initial stage of economic development, the government has allowed expansion of capacities, reduced import restrictions as well as encouraged modernization of industries. The high production growth was witnessed during1980-1990 due to certain restricted clauses was removed by the government But the growth could not be sustained after the 1990 sdue to various external factors such as shar pin crease in the world oil prices, sharp devaluation of Indian rupees and openingup of the economy by adopting various economic reforms during June 1991. This resulted in sudden exposure of Indian industry to the outside world. Rodrik and Subramanian (2004) distinguished between pro-business orientation of the 1980s and thepro-market orientation ofthe 1990s. According to them, the former focused on rising of the profitability of the established companies by removing price control, reduction in corporate taxes and easy restrictions on capacities for established enterprises which all took place in 1980s. On the other hand, pro-market reforms focused on removing defects in the functioning of the markets, allowing increased competition, both in domestic andforeign front. The pro- market reforms have mainly affected the business environment of the Manufacturing sectors and it had hardly added anything to the aggregate economic performance. Due to these reforms, numbers of industrial companies have started performing from good to bad and bad toworse. These sick unit sare perform in gat the cost of entire economy under the appearance of public interest by means of various concessions and subsidies in all the forms.

Upto1990, Indian economy and industriesperse were not affected by the global market due to the closed economy policy followed by the government. As soon as there forms in the form of liberalization and globalization policy were adopted, the industries have started feeling sudden jerks from the outside world. Lot of uneconomic and unviable companies had to close down their shutters as they could not face global competition.

Post liberalizations cenario has witnessed reforms invarious sectors. The financial sector has taken the lead. After liberalization, ther at eofinterest in the Indian economy started hardening. Partial capital conversion suddenly increased in flow of foreign currency.The currency now is governed on demand-supply basisin stead of administered rates which was invogue prior to1991. With the change in the government policies, the privatization and globalization have become buzzword in the Indian economy.

The SSI manufacturing industry either has to convert the mintomid-sized sector or to be encircled by sickness as economies of scale has played apivotal role indeciding the fate of Indian industries. Market reforms particularly stock market and FDI guidelines have continuously changed since 1991to 2007 resultingin constant flow of foreign currency in the Indian economy. Notonly the manufacturing sector but also the service sector has witnessed asea change.

Infrastructure growth in the country has allowed overall development in the economy as there is asurge in the demand for cement, infrastructure, engineer in ggoods, etc.on one hand and qualified person sparticularly engineers on the other hand. During the last three decades, the GDP grewatan averagerate of 3to3.5% annually where as during 1980s, the average annual growth rate was at around 5.5% followed byminicrisis during 1990-91but there after the Indian economy has grown at about 6to 6.5% per annum. 2005-06 on wards the growth rate has accelerated and grown to more than 7% perannum.

On the stock exchange front, except Mumbai Stock Exchange, the other region alstock exchanges have witnessed major blow slike various structural problems as well as non- adoption of latest technol ogiesand non-understanding about mergers of various like minded stock exchanges.

In Post liberalization era, Indian economy witnessed sea changes and industry at large had to pass throughrough weather during the last two decades External competition, largesize firms competing with small and medium industries in the country and factors like changes in the economic and political environment in the developed countries directl yaffected Indian industry. In spite of having in her ENT strength, some of the industries could not sustain this outside economic for ceswhich ledto industrial sickness. Considering this problem, lot of industries hass tarted making full-fledged efforts for financial and technical restructuring, there is a continuous increase in the level of sickness in number of units due to variety of factors such as technology obsolescence, managerialin capability, change in the pattern of the market, size of the unit, lack of adequate funds, international competition, over capacity in the field, etc. However, them ajor problem lies in the failureofany industry seems tobe lack of capacity to rise funds and inspite of technical capability of the promoters, the unit tendstobe come sick. Lots of efforts havebeen made for restructuring gsickunits. Finance plays apivotal role in such restructuring.

Financial Restructuring is a process to avoid the liquidation and dissolution of the Company. It involves agreement by third parties to satisfy creditor's claimsun dercertain terms and conditions. Financial restructuring may also be carried out by concludingan agreement with all creditors of the Company under which creditors will be paid on some what different terms than those initially accepted by the Company when credit and loans were extended. This form of financial restructuring enables the Company to continue its operations and minimize creditor's losses and getting more time for repayment of debt.

Companies used ebtrestructuring to avoid default on existing debtor to take advantage of a lower interest rate. A company will of ten issue call bonds to allow them to readily restructuredebt in the future. The existing debt is called and then replaced with new debtat alower interest rate. Companies canal so restructure their debt by altering the terms and provisions of the existing debt.

Financial Restructuring is also termed as the actor process of changing the terms on the assets and/ or liabilities of acompany.That is, a company may consolidateits debts, significantly change the size and scope of its operations, and take other measures to reduce the strain of continuing operation. Most companies restructure either as part of a bank ruptcy or as an effort to avoidit. If the company is restructuring as part of a corporate bank ruptcy, it is said to be in receivership.

When the company is unable to meet with its financial commitments or paying the debts when they are due, the company is considered to lead to adebt trapsituation which leads to industrial sickness and in turn the company will be heading towards in solvency. Thus, to avoid insolvency problems the financial restructuring is required. There are few main reasons leading the company to debt trap situation such as financial, market driven, wrong service/ product, managerial, technological, external factors such as opening of an economy or cut-throat competition, overexpansion, over trading, strikes or lock outs and effects of international market.

Financial restructuring is used as astrategy to prevent industrial sickness and to make the company viable through revivalorre habilitation.When the company is facing debt trap situation due to one or more of the above mentioned causes, they lead to financial restructuring in order to bring the company out of the situation and make it functioning again.

Literature Review

Pradeep Khandwala (1988) confirmed that the major cause of sickness is in efficient management. External causes such as labour and competitions areessentially secondary factors although they are primary inparticular instances. Asper the said study, the prime responsibility for preventing sickness obviously rest with the units and their management.

M.S. Narayanan (1994) examined the performance of BIFR by analysing 472 cases disposed of by BIFR during1987-1991. The study attributed the prolonged decision making process of BIFR, itsnature of power which are more of a persuasive than of directive and to the approach of respective state governments as the prominent take holder. The study opined that BIFR may be viewed as successful institution by evaluating and apprehending its performance in terms of disposal of cases that have been successfully survived. Reena Aggarwal (1999) analyzed the market performance of 131sample firm semerging from bank ruptcy during1980 to 1993. Thes tudy was mainly based on the controlled firm approach indicated that firms emerging from bankruptcy generated abnormal returns varying from 24.6%to 138.8% dependingon various expected returns models.

Rahel Falk (2005) studied the sickness in the Indian manufacturing industry and tested the the oretical model which has addressed the politicale conomy of industrial sickness in India. According to this study Financial Restructuring and Its Impacton Corporate Performance in India; politicians benefit from, and accordingly pay for sickness. More so he has concluded that sickness law certainly provides several ways for the firm/ stake holders to find advantages in sickness and there by to getrid of their financial responsibility.

The study by Rose mary and Omkarnath (2006) documented the trends and patterns of industrial sickness during pre and post reform period and critically evaluated the performance of BIFR, in line with changed policy framework.The study revealed that the massive sickness in SSIsector during pre-reform period but it has shown significant reduction during the post reform periodex ceptaspurt during 1997due to recession. The study also found out that there has been as ignificant risein the sickness of non SSI units after recession in1997. The study further observed that introduction of SARFAESIAct 2002 gives exclusive rights to the banks regardless of reference to BIFR and has undermined the role of BIFR in reorganizing the viable industrial units which in turn, has exposed that astructural change in BIFR function is needed.

Komera and Lukose (2009) under took an empirical analysis of post-bank ruptcy performance. They have examined stock returns and operating performance of 101firms that emergedas "nolongersick" from the BIFR proceedings during the period 1992 to 2006. As per the short term and long term analysis of market performance using various expected return models and estimates, shows no sign of significant abnormal returnsin comparison to the Results from the US market. The US market analysis indicates that the market for stock soffourquarters earning of the similar kind of company is informationary efficient. On the other hand, the analysis of operating performance of the Indian sample firms Is Evident That they are neither Making superior operating margin nor utilizing the asset sefficiently after emerging from BIFR proceedings.They had also raised doubts about the efficiency of BIFR proceedings and it may be possible that the proceeding smayallow inefficient firm to reorganize and survive. In a study under taken by Useem (1990), restructuring should be viewed a spart of abroader transformation in the organization of ownership and managerial control of the corporation. A conclusion is drawn that considerable managerial discretionre mainsin shaping comp any response to the restructuring pressure. Chris to pher and Neill Marshal (1992) conducted a study on Corporate Restructuring in the Financial Services Industry and contended that large firms transmit the dynamics of con temporary restructuring and in turn, establish a symbolic relationship with places. The paper concludes that closer market integration results in divergent organizational forms, and with district geographical expressions. In a study conducted by John, Lang and Netter (1992) foundthatin 1980s, the market for corporate control had anenormous impacton management decision making and the restructuring of firmsin response to changing economic conditions.They found that 37% of a sample of large firms' with poor performance under went a change incorporate control in the 1980s. However, for various reasons, it is unlikely that in the for eseeable future the market for corporate control will be a major force in disciplining management.

Further in a study conducted by Bowman and Harbir Singh (1993) on corporater estructuring, they have concluded that Financial restructuring, when accompanied with investment in key strategic activities, can be effective for the firm. In another study carried outby BethelandLiebeskind (1993), they concluded that block holder ownership is associate dsignificantly with corporatere structuring, suggesting that many managers restructured their corporations during the 1980 sonly when pressured to dosoby large share holders.

Gibbs (1993) in his study stated that the reoccurs three typ es of corporate restructuring transactions: 1.Financial restructuring including recapitalizations, stock repurchases, and changes in capital structure, 2.Port folio restructuring involving divestment and acquisitions and refocusing on core business, resulting in change of the diversity of business in the corporate port folio; and 3. Operational restructuring including retrenchment, reorganization, and changes in business level strategies. These three types of restructuring are not mutually exclusive; and in fact, frequently occur together. The findings of the study support agency conflicts asapartial explanation of corporate restructuring and confirm the importance of outside directors, stock-based management compensation, and an active, well-functioning market for corporate control in preventing and correcting agency problems

Edith S. Hot chkiss (1995) examined the post-bank ruptcy Operating performance of the firms that filed protection under Chapter XI from 1979 to1988. The study examined the return on assets and operating margin as the measures of operating performance and stated that there is an Improvement in the operating per for manceduring the post-bank ruptcy period. The study has concluded that 40.7% of the sample firms continue to report negative operating income in 3 years following the emergence from bank ruptcy and 32% of sample firms have not earned significantly after coming out of Chapter XI.

Hat field, Liebes kind, Opler (1996) conducted a study on the effects of Corporate Restructuring on aggregate industry specialization across abroad sample of US industries. As per their study, no evidence that change in the ownership of industry assets was detriment of change in aggregate industry specialization. More important finding suggested that restructuring through plant closure and plantaddition, and industry entry played afar more important role in changing competitive condition satthe industry level during 1980s than did corporate control transactions.

Alderson (1999) analyzed the post-bankruptcy performance of 89 samples emerged from bankruptcy during1983-1993. The study applied total cash flow approach and reported that sample firms neither under- performed nor over performed the industry median performance. The study concluded that though the post-bankruptcy operating performance is poor, the sample firms were neither being over estimated nor under estimated by the market. Mckinley and Scherer (2000) carried out are search on Some unanticipated consequences of organizationa lrestructuring and concluded that an important problem top executive faced during organizational restructuring is maintaining subordinate“buy-in”to restructuring activities that the subordinates often perceive as chaotic.

D. Parameswara Sharma, P. S. Chandramohanan Nairand R. Balasubramanian (2006) studied Performance of Indian power sector during a decade under restructuring: a critique.They analysed economic performance, technical performance, privatesector participation and performance of reformed states. Bikash Chandra Dash (2007). Examined on governance and service delivery in Orissa due to power reforms .The objective of study areto analyze the institutional dimensions of governance in power sector and studying the role of electricity regulatory commission in tariff setting and dispute resolution. He analyzed the effectiveness of service delivery by assessing the level of consumer's satisfaction in terms of reliability, adequacy and responsiveness of the service provider across different categories of consumers.

MurlidharanK Iyer, (2005) examined reforms and plan for restructuring GEB. The study attempted to trace the history of reforms in India and restructuring of GEB in particular. Item phasizes on unbundling exerciseand its significance, process involved He mainly emphasison Financial Restructuring Plan carried out by organization at the time of restructuring and proposed out comes has been drawn. The study put on record all events at one place and concluded that unbundling of GEB has been comprehensive, effective and painless. He stated that unbundling of GEB was at ought to ask but it was transformation without chaos.The main emphasis of study is on the issues covered during reform process and the plan and projections after reforms. Dhiraj Sharma (2007) analyzed the state electricity boards in India from efficiency perspective and emphasized that power has become a concurrent subject with State governments managing the Electricity Boards. The SEBs was performing well till the mid-1980s both in technical and financial aspects. From then most of the SEBs started showing losses and had no resources to add capacity. A power sector lipped into acris is with deteriorating performance, high losses and low credibility.

RESEARCH METHODOLOGY

The main objective of the study is to understand the impact of the financial restructuring on the financial performance of the company.Thus, it is intended to analyze the corporate financial restructuring and its resultant impact on various parameters such as sales, gross profit, net profit and taxes paid.

This study is mainly focused on the cement industry. The study covers only cement manufacturing firms who have emerged from either BIFR proceedings or CDR process.The period covered for analysis is mainly from 2000-01 to 2013-14 i.e. those firms whose cases of restructuring were disposed of during 2000-01 to 2013-2014 by BIFR/CDR Cell. In other words those firms have emerged from sickness from 2000-01 to2013-14 have been covered.

The study aims to analyze the impact of unbundling on the financial performance of organization.The secondary data for understanding the effect of the restructuring on the corporate performance has been collected and reviewed from the CMIE, Prowess data base. The companies selected were those which emerged from sickness after undergoing the BIFR/Corporated ebt restructuring (CDR) process.Thes ecompanies were identified from the BIFR website.These companies were basically divided in two groups based on data availability from the database. One group of companies whose two years post-restructuring datais available and another group whose four years post-restructuring data is available.

The financial position before-after restructuring has been carried outusing ratio analysis and their descriptive statistics, also statistical test' Paired Comparison T-test' has been used for the purpose of comparing financial performance before-after unbundling. Financial parameters/ratios such as Gross Sales, Gross Profit, Net Profit, Gross Fixed Assets, Current Ratio, Total Income to the Assets ratio, and Total Income to Compensation to Employees have been calculated.

For comparis on of performance, the year in which the firm was registered/ declared sickis classified as base year and the years prior to the base year together with the base year are club bed as pre-restructuring period and the years after restructuring (eithertwo/fouryears) are clubbed as post restructuring period.

Data Analysis

Secondary data for various financial parameters such as grosssales, gross profit, netprofit, current ratio, gross fixed assets, total income to average total assets and total income tototal compensation to employees’ forthesample companies is as under:

A sample size of 11 companies was taken. These companies had undergone restructuring process after Registered/ declaredsick/ revived by BIFR or by CDR Cell and the financial data of such companies was collected from CMIE Prowess.

The data used instudy consists of the yearly financia lratios of visaka cement industry ltd., narmada cement co. Ltd., cement corporation of india ltd., cochin cements india ltd., gujarat siddhee cements ltd., india cements ltd., rajapalayam cements and chemicals ltd., saurashtra cement ltd. for13years depending upon they ear in which they have referred to bifr/cdr cell.they ear in which they have made the reference is taken as the base year and denoted asyear 0. The data of five years before the base year are denoted as (year-1,-2,-3,-4and-5) respectively. The data of

EightYears after the base year are denoted as (Year1, 2, 3, 4,5,6,7 and 8) respectively.

The parameters of financial ratio smentioned above were compared for two/three years prior to the sickness as well as the year of sickness clubbed under the heading pre-sickness period and two/four years after the restructuring either by CDR Cell or by BIFR clubbed under the heading "Post-restructuring period". Incase of absolute number sit has been averaged out for the pre-structuring and post-restructuring period and comparison made. In case of ratios, an increasing/decreasing trend has been observed.

This period of 13 years witnessed two major expansion phases 2004-05 to 2007-08 and two major bear phases - 2001-2002 and 2008-09. The impact of all these would have definitely changed the situations of the market and would be more suitable to compare. With this dataset wehave calculate Paired– t test as follows:

$$t = \frac{\bar{x}_d}{s_d / \sqrt{n_d}}$$

RESULTS

In this section we examine the ratiosof all the companies.The test of significance has been done by using paired T statistics. Following information represents the impact on corporate performance on above mentioned financial ratios.The returns are found to be abnormal at 80%, 90%, 95% or 99% confidence interval.

For detailed information please refer the Annexure. There are seven hypotheses tested for the impact of financial restructuring on corporate performance. The results of the data are discussed below ratio wise.

Hypothesis 1

H_0: There is no significant impact of the Gross Sales of a company on corporate performance after financial restructuring.

H_1: There is significant impact of the Gross Sales of acompany on corporate performance after financial restructuring.

As in the table above, t Statistics<t table value, Ho is accepted. Therefore, the Null Hypothesis is accepted at 90%, 95% and 99% confidence interval. The results reveal that there is significant impact of the Gross sales on corporate performance after financial restructuring at 80% confidence interval.

Table1 Paired t' test for Gross Sales Ratio

Gross Sales	Before	After		Difference		T - Test	d.f. (n - 1)	SIG (2-tailed)	SIG (2-tailed)	SIG (2-tailed)	SIG (2-tailed)
			Mean	S.D.	S.D.E.	t					
N	8	8									
Mean	16.55	57.01875	40.46875								
S.D.	15.27451005	72.99349392		78.5158							
S.D.E.					27.76372	1.457613	7	3.499	2.365	1.895	1.415

Hypothesis 2

H_0: There is no significant impact of the Gross Profit of a company on corporate performance after financial restructuring.

H_1: There is significant impact of the Gross Profit of a company on corporate performance after financial restructuring.

As in the table above, tStatistics<ttable value, Ho is accepted. Therefore, the Null Hypothesis is accepted at 95% and99% confidence interval. The result sreveal that there is no significant impact of the Gross Profit on corporate performance after financial restructuring. The result sreveal that there is significant impact of the Gross Profit on corporate performance after financial restructuring at 80% and 90% confidence interval.

Table 2 Paired t' test for Gross Profit Ratio

Gross Sales	Before	After		Difference		T - Test	d.f. (n - 1)	SIG (2-tailed) 99% C.I.	SIG (2-tailed) 95% C.I.	SIG (2-tailed) 90% C.I.	SIG (2-tailed) 80% C.I.
			Mean	S.D.	S.D.E.	t					
N	8	8									
Mean	16.55	57.01875	40.46875								
S.D.	15.27451005	72.99349392		78.5158							
S.D.E.					27.76372	1.457613	7	3.499	2.365	1.895	1.415

Hypothesis 3

H_0: There is no significant impact of the Net Profit of a company on corporate performance after financial restructuring.

H_1: There is significant impact of the Net Profit of a company on corporate performance after financial restructuring.

As in the table above, t Statistics< t table value, Ho is accepted. Therefore, the Null Hypothesis is accepted at 80%, 90%, 95% and 99% confidence interval. The result sreveal that there is no significant impact of the Net Profit on corporate performance after financial restructuring.

Table 3 Paired t' test for Net Profit Ratio

Net Profit	Before	After		Difference		T - Test	d.f. (n - 1)	SIG (2-tailed) 99% C.I.	SIG (2-tailed) 95% C.I.	SIG (2-tailed) 90% C.I.	SIG (2-tailed) 80% C.I.
			Mean	S.D.	S.D.E.	t					
N	8	8									
Mean	155.58	74.77375	-80.8063								
S.D.	348.5834991	113.6314106		248.3872							
S.D.E.					87.83139	-0.92002	7	3.499	2.365	1.895	1.415

Hypothesis 4

H_0: There is no significant impact of the Current Ratioo facompany on corporate performance after financial restructuring.

H_1: There is significant impact of the Current Ratio of accompany on corporate performance after financial restructuring.

As in the table above, tStatistics<ttable value, Ho is accepted. Therefore, the Null Hypothesisis accepted at 80%, 90%, 5% and 99% confidence interval.The results reveal that there is no significant impact of the Current Ratioon corporate performance after financial restructuring.

Table 4 Paired t' test for Current Ratio

Current Ratio	Before	After		Difference		T - Test	d.f. (n - 1)	SIG (2-tailed) 99% C.I.	SIG (2-tailed) 95% C.I.	SIG (2-tailed) 90% C.I.	SIG (2-tailed) 80% C.I.
			Mean	S.D.	S.D.E.	t					
N	8	8									
Mean	1.04112	1.023125	-0.02								
S.D.	0.984836044	0.54466853		1.24548							
S.D.E.					0.44166	-0.04074	7	3.499	2.365	1.895	1.415

Hypothesis 5

H0: There is no significant impact of the Gross Fixed Assetso facompany on corporate performance after financial restructuring.

H1: There is significant impact of the Gross Fixed Assetso facompany oncorporate performance after financial restructuring. As in the table above, t Statistics< t table value, Ho is accepted. Therefore, the Null Hypothesis is accepted at 80%, 90%, 95% and 99% confidence interval.The results reveal that there is no significant impact of the Gross Fixed Assetson corporate performance after financial restructuring.

Table 5 Paired t' test for Gross Fixed Assets Ratio

Gross Fixed Assets Ratio	Before	After		Difference		T - Test	d.f. (n - 1)	SIG (2-tailed)	SIG (2-tailed)	SIG (2-tailed)	SIG (2-tailed)
			Mean	S.D.	S.D.E.	t		99% C.I.	95% C.I.	90% C.I.	80% C.I.
N	8	8									
Mean	218.94	555.84625	336.9063								
S.D.	243.05	815.6491466		882.9167							
S.D.E.					312.2053	1.079118	7	3.499	2.365	1.895	1.415

Hypothesis 6

H0: There is no significant impactof the Total Income to Compensation to Employees of a company on corporate performance after financial restructuring.

H1: There is significant impact of the Total Income to Compensation to Employees of a companyon corporate performance after financial restructuring.

As in the table above, tStatistics<ttable value, Ho is accepted. Therefore, the Null Hypothesis is accepted at 99% confidence interval. The results reveal that there is no significant impact of Total Income to Compensation to Employees Ratio on corporate performance after financial restructuring at 99% confidence interval.

The results reveal that there is significant impact of Total Income to Compensation to Employees Ratioon corporate performance after financial restructuring at 80%, 90%, 95% confidence interval.

Table 6 Paired t' test for Total Income to Compensation Ratio

Total Income to Total Compensation to Employees											
	Before	After		Difference		T - Test	d.f. (n - 1)	SIG (2-tailed)	SIG (2-tailed)	SIG (2-tailed)	SIG (2-tailed)
			Mean	S.D.	S.D.E.	t		99% C.I.	95% C.I.	90% C.I.	80% C.I.
N	8	8									
Mean	17.305	26.751875	9.446875								
S.D.	14.77516836	14.91247271		10.84395							
S.D.E.					3.834495	2.463655	7	3.499	2.365	1.895	1.415

Hypothesis 7

H0: There is no significant impact of the Total Income to Average Total Assets of a company on corporate performance after financial restructuring.

H1: There is significant impact of the Total Income to Average Total Assets of a company on corporate performance after financial restructuring. As in the table above, tStatistics<ttable value, Ho is accepted. Therefore, the Null Hyp othesis is accepted at 90%, 95% and 99% confidence interval. The results reveal that there is no significant impact of Total Income to Average Total Assets on corporate performance after financial restructuring. The results reveal that there is no significant impact of TotalIncome toAverage Total Assets on corporate performance after financial restructuring at 80% confidence interval.

Table 7 Paired t' test for Total Income to Average Total Assets Ratio

Total Income to Average Total Assets	Before	After		Difference		T - Test	d.f. (n - 1)	SIG (2-tailed)	SIG (2-tailed)	SIG (2-tailed)	SIG (2-tailed)
			Mean	S.D.	S.D.E.	t		99% C.I.	95% C.I.	90% C.I.	80% C.I.
N	8	8									
Mean	0.873125	1.31375	0.440625								
S.D.	0.856675207	0.928803954		0.790463							
S.D.E.					0.279513	1.576402	7	3.499	2.365	1.895	1.415

CONCLUSION

Due to global competition faced by the Indian Companies in the post liberalizationera, many of the large and medium sized firms,which under went a restructuring processof financial restructuring, not only survive in this intense competition but also emerged as successful global firms. But on the other hand, alarge numbers of units were registered as sick firms with BIFR and number of cases registered with the CDR cell also increased. The study high lights many revival mechanism available which help in turning around a sick firm into profitable firm. It is perceived by the companies that the financial restructuring helps the unit for its revival/ rehabilitation. This shows that the unit should be given proper financial restructuring on a case to case basis with proper monitoring mechanism. The secondary data analysis shows that there is not much significant impact of the sales, profitability, gross fixed assets and current ratio of the unit in the short term after rehabilitation of the unit. Thus, thestudy reveals that there is no major improvement or changes in the parameters with in the two to four years' time frame from the implementation of the rehabilitation package.

From the analysis of the data pertaining to 8 companies for aperiod of about five years before restructuring and eight years after the date of rehabilitation of the unit, it is revealed that there is an improvement in gross profit upon implementation of rehabilitation package. This confirms that once the unit becomes sick and nursing package is offered, the results of the financial restructuring can be witnessed only in the long run.

The maximum number of firms vulnerable to erosion of net worth or leading to sicknessis because of the in sufficient amount of funds. This clearly suggests that well financially managed firms have lower/ insignificant changes of sickness. A separate set of professionals are to be trained for the purpose of close monitoring as well as having expertise forwinding up/ liquidation process of the company. Lack of timely help further deteriorates the financial condition of the firmas the firmis not in a position to fulfil the expectations of its stake holders which leads to tarnishing of its business image and reputation.

There are many researchers who believe that financial restructuring is one of the best strategies to improve the liquidity of accompany and to move the company from sickness to financially aviable position. But there are certain limitations and drawbacks of the strategy. What I would suggest is the prevention strategy. There is an opportunity to develop a new mathematical modelt predict the industrial sickness on the basis of certain financial indicators so that the companies can take proactive steps to avoid the sickness or proper remedy measures can also be taken.

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