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RESEARCH ARTICLE

FINANCIAL RESTRUCTURING AND ITS IMPACT ON CORPORATE PERFORMANCE IN SELECTED COMPANIES IN INDIA

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ABSTRACT

Major objective of the paper is to study the impact of financial restructuring on corporate performance. The data was collected from secondary sources. Financial statements of selected 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 undertaken. Paired t-test was used to compare the performance of these firms 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 long run.

INTRODUCTION

Indian Economy went a major transform after 1991 when the economy was opened up. Globalization; Liberalization and privatization terms were coined and successfully marketed. Indian manufacturing firms began facing competition from global giants. In the decade of nineties, many firms went through hare structuring process whereby 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 to manage the non performing assets (NPA) level of the banks and financial Institutions and also to revive the potential sick units. The Government of India along with RBI came out with various mechanisms for rehabilitation and revival of sick industries. A question always 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 to be looked into.

Following successful experience of developed countries, manufacturing re forms in India followed suit. Restructuring of manufacturing companies has been a major goal of the reforms in Indian manufacturing sector to make them financially and physically viable entity. The need for having companies of such stature was very critical not only to increase or sustain public sector investments ,but also to encourage private investments in the manufacturing sector .The restructuring of manufacturing companies is one of the important change management exercises and regarded transformation without chaos. The study attempts to analyze an impact of restructuring on the financial performance of organization.

Upto 1990, Indian economy and industriesperse were not affected by the global market due to the closed economy policy followed by the government. As soon as the reforms in the form of liberealization 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 liberalization scenario has witnessed reforms in various sectors. The financial sector has taken the lead. After liberalization, the rate of interest in the Indian economy started hardening .Partial capital converse on suddenly increased in flow of foreign currency. The currency now is governed on demand-supply basis instead of administered rates which was invogue prior to 1991.Withthe change in the government policies, the privatization and globalization have become buzz word in the Indian economy.

Financial Restructuring is a process to avoid the liquidation and dissolution of the Company. It involves agreement by third parties so satisfy creditor' sclaim sunder certain terms and conditions. Financial restructuring may also be carried out by concluding an agreement with all creditors of the Company under which creditors will be paid on somewhat different terms than those initially accepted by the Company when credit and loans were extended. This form of financial restructuring

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enables the Company to continue it so perations and minimize creditor's losses and getting more time for repayment of debt.

Companies usedebtre structuring to avoid default on existing debtor to take advantage of a lower interest rate. A company will often issue call bonds to allow them to readily restructure debt in the future. The existing debits called and then replaced with new debt at lower interest rate. Companies can also 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 a company. That is, accompany mayc on so lidateits debts, significantly change the size and scope of its operations, and take other measure store duce the strain of continuing operation. Most companies restructure either as part of a bank ruptcy or as an effort to avoid it. 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 commitment sorpaying the debts when they are due, the company is con side red to lead to a debt trap situation which leads to industrial sickness and in turn the company will be heading towards insolvency. 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 orcut-throat competition, over expansion, over trading, strikes or lockout sand effects of international market. Financial restructuring is used as a strategy to prevent industrial sickness and to make the company viable through her vial or rehabilitation. When the company is facing debt trap situation due to one or more of the abovementioned 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 are essentially secondary factors although they are primary in particular instances. As per 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 analyzing 472 cases disposed of by BIFR during 1987-1991. The study attributed the prolonged decision on making process of BIFR, its nature 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 13 1sample firms emerging from bankruptcyduring1980to 1993. The study was mainly based on the controlled firm approach indicated that firms emerging from bankruptcy generated abnormal returns varying from 24.6%to 138.8% depending on various expected returns models.

Rahel Falk (2005) studied the sickness in the in dean manufacturing industry and tested the theoretical model which has addressed the political economy of industrial sickness in India. According to this study Financial Restructuring and Its Impact on 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 thereby to get rid of their financial responsibility.

The study by Rosemary and Om karnath (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 frame work. The study revealed that the massive sickness in SSI sector during pre-reform period but it has shown significant reduction during the post reform period except as purtduring 1997duetorecession.The study also found out that there has been a significant rise in the sickness of non SSI units afterrecessionin1997. The study further observed that introduction of SARFAESI Act 2002 gives exclusive rights to the banks regardless of reference to BIFR and has under mined the role of BIFR in reorganizing the viable industrial units which in turn, has exposed that a structural change in BIFR function is needed.

Komera and Lukose (2009) under took an empirical analysis of post-bankruptcy performance. They have examined stock returns and operating performance of 101 firms that emerged as “no longer sick” from the BIFR proceeding sduring the period 1992to 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 returns in comparison to the results from the US market. The US market analysis in dicates that the market for stocks off our quarter searning of the similar kind of company is in for mationary 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 assets efficiently after emerging from BIFR proceedings. They had also raised doubts about the efficiency of BIFR proceedings and it may be possible that the proceedings may allow inefficient firm to reorganize and survive.

In a study undertaken by Useem (1990), restructuring should bevieweda spart of abroader transformation in the organization of ownership and managerial control of the corporation. A conclusion is drawn that consider able manage rial discretion remains in shaping company response to the restructuring pressure. Christopher and Neill Marshal (1992) conducted a study on Corporate Restructuring in the Financial Services Industry and contended that large firms transmit the dynamics of contemporary restructuring and in turn, establish a symbolic relationship with places. The paper concludes that closer market integration results in divergent organizational forms, with district geographical expressions. In a study conducted by John, Lang and Netter (1992) found that in 1980s, the market for corporate control had an enormous impact on management decision making and the restructuring of firms in response to changing economic conditions. They found that 37% of a sample of large firms with poor performance underwent a change incorporate control in the 1980s. However, for various reasons, It is unlikely that in the foreseeable future the market for corporate control will be a major force in disciplining management.

Furtherina study conducted by Bowman and Harbir Singh (1993) on corporate restructuring, they have concluded that Financial restructuring, when accompanied with investment in key strategic activities, can be effective for the firm. In another study carried out by Bethel and Liebes kind (1993), they concluded that block holder ownershipis associated significantly with corporatere structuring, suggesting that many managers restructured their corporations during the1980s only when pressured to do so by large share holders.

Gibbs (1993) in his study stated that there occurs three types of corporatere structuring 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 portfolio; and 3. Operational restructuring including retrenchment, reorganization, and changes in business level strategies. These three types of restructuring are not mutually exclusive; and infact, frequently occur together. The finding soft he study support agency conflicts as a partial 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. Hotchkiss (1995) examined the post-bankruptcy operating performance of the firms thafiled 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 performance during the post-bankruptcy period. The study has concluded that 40.7% of the sample firms continuetoreportnegative operating incomein3yearsfollowing the emergence from bankruptcy and 32% of sample firms have not earned significantly after coming out of restructuring.

Hatfield, Liebeskind, Opler (1996) conducted 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 plant addition, and industry entry played a far more important role in changing competitive conditions at the industry levelduring1980s than did corporate control transactions.

Alderson (1999) analyzed the post-bankruptcy performance of 89 samples emerged from bankruptcy during 1983-1993. 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 overestimated nor underestimated by the market. Mckinley and Scherer (2000) carried out are search on Some unanticipated consequences of organizational restructuring and concluded that an important problem top executive faced during organizational restructuring is maintaining subordinate “buy-in” to restructuring activities that the subordinates of ten perceive as chaotic.

D. Parameswara Sharma, P. S. Chandramohanan Nair and R.Balasubramanian (2006) studied Performance of Indian manufacturing sector during a decade under restructuring: a critique. They analysed economic performance, technical performance, private sector participation and performance of reformed states. Bikash Chandra Dash (2007), examined on governance and service delivery in Orissa due to manufacturing reforms .The objective of study are to analyze the institutional dimensions of governance in manufacturing 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.

Murlidharan KI yer, (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. It emphasizes on unbundling exercise and its significance, process involved. He mainly emphasis on 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 manufacturing has become a concurrent subject with State governments managing the Electricity Boards. The SEBs was performing well till the mid-1980sbothin technical and financial aspects. From then most of the SEBs started showing losses and had no resources to add capacity. Manufacturing sector slipped in to acrisis 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 manufacturing industry. The study covers only manufacturing firms who have emerged from either BIFR proceedings or CDR process. The period covered for analysis is mainly from 2000-01to2008-09 i.e.those firms whos ecases of restructuring were disposed of during 2000-01 to 2008-2009 by BIFR/CDR Cell. In other words those firms have emerged from sickness from2000-01 to2008-09 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/ Corporate debt restructuring (CDR) process. These companies 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 data is available and another group whose four years post-restructuring data is available.

The financial position before-after restructuring has been carried out using ratio analysis and their descript vesta tactics, 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 comparison of performance, the year in which the firm was registered /declaredsickis classified as base year and they earspri or to the base year together with the base year are club bedsore-restructuring period and the years after restructuring (either two/four years) are clubbed as post restructuring period.

Data Analysis

Secondary data for various financial parameters chasgross sales, gross profit, net profit, currentratio, gross fixed assets, total income to average total assets and total income to total compensation to employees for the sample companies is as under:

Asample size of 20 companies was taken. These companies had under gone restructuring process safter registered/ declaredsick /revived by BIFR or by CDR Cel land the financial data of such companies was collected from CMIE Prowess.

The data used in study consists of the yearly financial ratios of Choksi Tube Co.Ltd., Midland Plastics Ltd., Pasondia Steel Profiles Ltd., Pushpa Packages Ltd., Triveni Glass Ltd., Kerala State Electronics Development Corp. Ltd., Metafilms (India) Ltd., Modern Syntex (India) Ltd., N K Industries Ltd., Premier Synthetics Ltd., Pasupati Spinning & Wvg. Mills Ltd., Sharp India Ltd., Eastern Coalfields Ltd., Visaka Cement Industry Ltd., Sheel International Ltd., B P L Engineering Ltd., Narmada Cement Co. Ltd. [Merged], Supertex Industries Ltd., Hanjer Fibres Ltd., Duropack Ltd. for 8 years depending upon the year in which they have referred to BIFR/CDR cell. The year in which they have made the reference is taken as the base year and denoted as Year 0. The data of Four Years before the base year are denoted as (Year -1, -2, and -3) respectively. The data of Four Years after the base year are denoted as (Year 1, 2, 3, and 4) respectively.

The parameters of financial ratios mentioned above were compared for three/ four years prior to the sickness as well as the year of sickness clubbed under the heading pre-sickness period and two/fou ryears after there structuring either by CDR Cell or by BIFR clubbed under the heading“Post-restructuring period”. In case of absolutenum baristas been averaged out for the pre-structuring and post-restructuring period and comparis on made. In case of ratios, an increasing/decreasing trend has been observed.

Thisperiodof 13 years witnessed two major expansion phases 2004-05to2007-08 and two major bearphases- 2001-2002 and 2008-09.Theimpact of all these would have definitely changed thesituations of the market and would b emoresuit able to compare. With this dataset we have calculate Paired– testis follows:

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

RESULTS

In this section we examine the ratios of all the companies. The test of significance has been done by using paired Tstatis tics. Following information represents the impacton corporate performance on above mentioned financial ratios. There turns are found to be abnormal at 80%, 90%, 95% or 99% confidence interval. For detailed information pleaser fer the

Annexure

There are seven hypo theses 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 Sale sofa company on corporate performance after financial restructuring.

As in the table above,t S tatistics< ttable value, Hoisaccepted. There fore,the Null Hypo thesis is acceptedat 80%,90%,95% and99% confidence interval.The result sreveal that there is no significant impact of the Gross sales on corporate performance after financial restructuring.

Table1 Paired ttest for Gross Sales

Gross Sales	Before	After	Difference								
			Mean	S.D.	S.D.E.	t Cal.	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.
n	20	20									
Mean	307.954	425.33	118.37								
S.D.	1000.097	1414.143		492.24							
S.D.E.					110.07	1.0754	19	2.861	2.093	1.729	1.328

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.

Table 2 Paired ttest for Gross Profit

Gross Profit	Before	After	Difference								
			Mean	S.D.	S.D.E.	t Cal.	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.
n	20	20									
Mean	30.7755	25.2705	55.046								
S.D.	192.189418	108.39894		258.75							
S.D.E.					66.804	0.829	19	2.861	2.093	1.729	1.328

Asinthe table above, t S tatistics< t table value, Hoisaccepted. There fore,the Null Hypo thesis is acceptedat 80%,90%,95% and 99% confidence interval. The result sreveal that there is no significant impact of the Gross Profit on corporate performance after financial restructuring.

Hypothesis:3

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

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

Table 3 Pairedt test for Net Profit

Net Profit	Before	After	Difference								
			Mean	S.D.	S.D.E.	t Cal.	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.
n	20	20									
Mean	-52.5835	8.4545	61.038								
S.D.	226.7678	80.07741		308.17							
S.D.E.					67.792	0.9004	19	2.861	2.093	1.729	1.328

As in the table above, t S tatistics< ttable value, Hoisaccepted. There fore, the Null Hypo thesis is acceptedat 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.

Hypothesis:4

Table 4 Pairedttest forCurrent Ratio

Current Ratio	Before	After	Difference								
			Mean	S.D.	S.D.E.	t Cal.	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.
n	20	20									
Mean	2.73083333	2.55975	0.171								
S.D.	6.17003234	4.844724		2.504							
S.D.E.					0.56	-0.306	19	2.861	2.093	1.729	1.328

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

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

Asinthe table above, t S tatistics< t table value, Hoisaccepted.There fore, the Null Hypo thesis is acceptedat 80%,90%,95% and99% confidence interval. The results reveal tha tthere is no significant impact of the Current Ratioon corporate performance after financial restructuring.

Hypothesis:5

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

H_1: There is significant impact of the Gross Fixed Assets of a company on corporate performance after financial

Asinthe table above, t S tatistics< t table value, Hoisaccepted.There fore, the Null Hypo thesis is acceptedat 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 Pairedttest for Gross Fixed Assets Ratio

Gross Fixed Assets	Before	After	Difference								
			Mean	S.D.	S.D.E.	t Cal.	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.
n	20	20									
Mean	362.7725	338.191	-24.582								
S.D.	1088.885	1139.794		156.64							
S.D.E.					35.025	0.702	19	2.861	2.093	1.729	1.328

Hypothesis:6

- H_0:There is nosignificant impact of the Payment of Tax to Government of a companyon corporate performance after financial restructuring.
- H_1:There is significant impact of the Payment of Tax to Government of a company on corporate performance after financial restructuring.

Asinthe table above, t S tatistics< ttable value, Ho is accepted.There fore,the Null Hypo thesis is acceptedat 80%,90%,95% and 99% confidence interval.The results reveal that there is no significant impact of Net Profit to Average Total Assets ration corporate performance after financial restructuring.

Table 6 Paired ttest for Payment of Tax to Government

Tax Payments to Government	Before	After	Difference								
			Mean	S.D.	S.D.E.	t Cal.	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.
n	20	20									
Mean	49.582	53.2195	3.638								
S.D.	151.264	201.746		17.57							
S.D.E.					3.93	0.925	19	2.861	2.093	1.729	1.328

Asinthe table above ,t S tatistics< t table value, Hoisaccepted.There fore, the Null Hypo thesis is acceptedat 80%,90%,95% and99% confidence interval .The results reveal that there is no significant impact of Payment of Tax to Government on corporate performance after financial restructuring.

Hypothesis:7

- H_0:There is no significant impact of the Net Profit to Average Total Assets ofa company on corporate performance after financial restructuring.
- H_1:There is significant impact of the Net Profits to Average Total Assets of a company on corporate performance after financial restructuring.

Hypothesis:8

- H_0:There is no significant impact of the Total Income to Compensation to Employees of a company on corporate performance after financial restructuring.
- H_1:There is significant impact of the Total Income to Compensation to Employees of a company on corporate performance after financial restructuring.

As in the table above, t S tatistics< ttable value, Ho is accepted.There fore,the Null Hypo thesis is acceptedat 80%,90%,95% and99% confidence interval.The result sreveal that there is no significant impact of Total Income to Compensation to Employees on corporate performance after financial restructuring.

Table7 Paired ttest for Net Profit to Average Total Assets Ratio

Total Income to Average Total Assets	Before	After	Difference								
			Mean	S.D.	S.D.E.	t Cal.	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.
n	20	20									
Mean	0.9085833	1.26225	0.3537								
S.D.	0.7292709	1.900783		1.774							
S.D.E.					0.397	0.892	19	2.861	2.093	1.729	1.328

Table 8 Pairedttest for Total Income to Compensation to Employees

Total Income to Compensation to Employees	Before	After	Difference								
			Mean	S.D.	S.D.E.	t Cal.	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.
n	20	20									
Mean	19.497583	40.10925	20.612								
S.D.	19.760089	107.0757		104.7							
S.D.E.					23.415	0.8803	19	2.861	2.093	1.729	1.328

CONCLUSION

Due to global competition faced by the Indian Companies in the postlibe realization era, many of the large and medium sized firms, which underwent are structuring process of financial restructuring, not only survive in this intense competition but also emerged as successful global firms. But on the other hand, a large number of unit's wearer is treads sick firms with BIFR and number of cases registered with the CDR cell also increased. The study highlights 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. These contrary data analys is 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, the study reveals that there is no major improvement or changes in the parameters within the two to four years' timeframe from the implementation of the rehabilitation package.

From the analys is of the data pertaining to 20 companies for a period of about five years beforee restructuring and eight years after the date of rehabilitation of the unit, it is revealed that there is an improvement in gross profit up on implementation of rehabilitation package. This confirms that once the unit becomes sick and nursing package is of fered, the results of the financial restructuring can be witnessed only in the long run.
The maximum number of firms vulner able to erosion of net worth or leading to sick nesses 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 for winding up/liquidation process of the company. Lack of timely help fur ther deteriorates the financial condition of the firmas the firm is not in position to fulfill the expectation so fits 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 a company and to move the company from sick ness to financially viable position. But there are certain limitations and draw backs of the strategy. What I would suggestis the prevention strategy. There is an opportunity to develop a new mathematical model to predict the industrial sick ness on the basis of certa in financial in dicators so that the companies can take proactive steps to avoid the sick ness or proper remedy measures can also be taken.

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