

A STUDY ON PERFORMANCE EVALUATION OF DINESH MILLS LTD

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ABSTRACT

This paper aims at evaluating the performance of Dinesh Mills Ltd in terms of comparative and common size income statements. The trend is also projected for the next five years. The study reveals that there was a significant increase in the reported net profit during the year 2006-07. This was because of significant reduction in the in the material cost and employee cost. There was also economy There is also economy in power and fuel cost during the same period. The company has to pay more attention in maintain/reducing power and fuel so as to have increased wealth to the shareholders.

Keywords: Performance Evaluation, Financial Analysis.

Introduction:

The initiation and development of globalization and Indian textile industry took place simultaneously in the 1990s. The Indian textile industry, until the economic liberalization of Indian economy was predominantly and unorganized industry. The economic liberalization of Indian economy in the early 1990s led to stupendous growth of this Indian industry. The Indian textile industry is one of the largest textile industries in the world and India earns around 27% of the foreign exchange from exports of textiles and its related products. Further, globalization of Indian textile industry has been a paradigm increase in the 'total industrial production' factor of this industry, which presently stands at 14%. Furthermore, the contribution of the Indian textile industry towards the gross domestic product (GDP) of the India is around 3% and, the number is steadily increasing. Today, the Indian textile industry employs around 35 million personnel directly and it accounts for 21% of the total employment generated in the economy. 'The national textile policy 2000' was introduced by the Ministry of Textile under the Government of India. This policy aims at increasing the foreign exchange earning to the tune of US \$ 50 billion by the end of the year 2010. The textile sector has a prominent place in the national economy. The textile industry has been an important source of foreign exchange resources over a period of time in the country.

Profile of Shri Dinesh Mills Ltd:

Shri Dinesh Mills Ltd. was incorporated on July1, 1935 at Baroda as Maharani Woollen Mills and received the certificate of commencement of business on February 17;

1936. Shri Dinesh Mills is a composite textile mill with a very strong presence in the textile industry for more than 60 years; manufacturing worsted fabrics (menswear), paper maker's felts and industrial textiles. They have scouring and combing plants, top dyeing, worsted and woolen spinning, shuttle less weaving and complete fabric finishing range for woolen, poly wool worsted and poly viscose fabrics. Shri Dinesh Mills markets different products and its marketing set up is divided for different product segments. At Shri Dinesh Mills Limited, it has products for: - general consumers, menswear, and industrial consumers --paper maker's felt --industrial textiles their definition for quality is 'As perceived by customer'. They believe in up gradation of manufacturing facilities, quality development and management process besides development of human resources. The company fabrics go through a series of hot and cold processes with the use of special detergents, softeners and other specialty chemicals. These impart a permanent feel and form to the fabric which will endure years of exposure to the atmosphere and other factors like washing, abrasion, stretch, body sweat etc. Suiting Fabrics manufactured by it find their way to the consumers' wardrobe via a network of multi brand outlets spread across the country and also in form of readymade apparels from the fabrics supplied by it to all major garmenters throughout the country and even abroad.

Product range of the company includes:

1. 100% Wool Worsted Fabrics
2. 55% Polyester/45% Wool Worsted Fabrics
3. 5% Polyester/35% Wool Worsted Fabrics

4. Wool+lycra/55% Polyester/43% Wool/2% Lycra, other blends can be offered on specific request
5. Suiting Fabrics -Suiting Fabrics are an integral part of the fashion industry To satisfy the demands of every discerning consumer, we have a vast range of weaves like plains, twills, gabardines, hopsack, barrathea, satins, herringbones and other fancy fabrics, woven in vibrant colors which are inspired by every facet of the universe from the sky to the seas, the forests, the mountains and every awe-inspiring facet of mother earth.

For International market it has been manufacturing and exporting worsted fabrics to various overseas markets since last 30 Years. It maintains the highest standards of quality to meet the requirements of its discerning customers. It is exporting its products to various countries / continents i.e. USA, Canada, Australia, Europe, Middle East & Far East countries.

Objectives of the Study:

The present study has been carried out with following objectives

1. To compare the performance of Shri Dinesh Mills Ltd on a yearly basis.
2. To analyze the trend of selected performance indicators over a period
3. To identify the factor(s) that influence the reported Net profit

Period of Study:

To study the performance of a company reasonable a longer period is required which enable to find out the consistency and stability over a period of time. Therefore the period of study is financial year 1999-2000 to 2008-2009, 10 years period.

Tools:

To analysis the performance of the company the following tools are used.

1. Comparative financial statement analysis
2. Common size statement analysis
3. Trend analysis
4. ANOVA
5. Correlation & regression

Analysis & Discussion:

From the Table No.1 it is inferred that comparatively the growth in sales turnover is high of 39.49 percent during the year 2008-09. The company had decline in sales of -0.58, -8.83 and -14.57 during the year of 2003-04, 2002-03 and 2001-02.

The company had an abnormal increase in material cost, employee cost and general administration respectively during the year 2008-09 (56.62 percent, 42.44 percent and 75.76) compared to previous year. Increase in power & fuel cost is high during the year 2000-01(19.83 percent).

Growth in operating profit is significantly high during the year 2006-07(122.2 percent). As a result growth in reported profit is 547.97 percent during the year 2006-07 followed 2008-09 and 2005-06. This resulted in high earning per share and dividend declaration during the year 2006-07, 2008-09 and 2005-06. The general and administration decreased to 8.66 percent but it rose to 6.49 percent. It increase was very high during the year 2008-09 (75.76 percent). The selling and distribution expense was showing highly fluctuation. It was very high during the year 2007-08 (66.71 percent) and very decreased during the year 2001-02 (-21.64 percent).A selling and distribution expense has significant effect on Reported Net profit. Interest expenses highly increased during the year 2004-05 (50.84 percent). The Reported Net profit was very high during the year 2008-09 (490.54 percent).The reported net profit was significantly affected by material cost, employment cost and power and fuel cost.

The table No.2 shows that the share of net sales is high of 96.60 percent of sales during 2005-06 and the net sales are very low of 86.59 percent during the year 2001-02. The excise duty is 3.64 percent of sales in the year of 2008-09 and increased

Table No.2 shows that share of excise duty component is high of 13.21 percent of sales during 2001-02 and 12.94 percent during 2002-01. It is low of 3.37 percent of sales during the year 2005-06. The total net sales is 96.60 percent of gross sales during the year 2005-06, which is more than the sales turnover due to high net sales 3.40 percent. Power and fuel cost is low during 2006-07 (3.40 percent) and 2005-06 (4.29 percent). Other manufacturing expenses is high of 10.97 percent of sales during the year 2007-08 and low of 5.94 percent of sales during the year 2001-02. Total expenditure is high of 86.37 percent of sales during the year 2004-05 followed by 82.06 percent of sales in the year 2003-04. Reported net profit is high of 12.69 percent of sales during the year 2006-07 and low of 1.48 during year 2000-01.

It can be inferred from table No.3 that share capital is constant during the study period. The above table shows the reserves that contribute major part of capital. Reserves constitute more 65 % of total liabilities. The secured debts were 22.83 percent of total liabilities during the year 2004-05 and 21.14 percent during the year 2008-09. During the year 1999-2000 the unsecured debts was 18.86 percent and it was 4.56 percent of total liabilities during the year 2008-09. The company had 28.76 percent of total debt during the year 2004-05 due to huge secured loan of 22.83 percent.

Gross block is high of 188.71 percent during the year 2001-02 whereas as net block is high during 1999-2000 (51.83 percent).investments are high of 28.36 percent. The company had high inventories and sundry debtors of 48.11 percent and 12.16 percent during 1999-2000 and 2001-02 respectively. The company had huge cash balance of 25.95 percent during the year 2005-06. Total current assets are high of 110.64 percent during the year 1999-2000.

Table – 1: Comparative Income Statement

Particulars	Mar-2001	Mar-2002	Mar-2003	Mar-2004	Mar-2005	Mar-2006	Mar-2007	Mar-2008	Mar-2009
No of Months	12	12	12	12	12	12	12	12	12
INCOME :									
Gross Sales	10.43	-14.57	-8.83	-0.58	1.16	17.04	28.68	34.62	39.49
Less: Excise Duty	9.56	-11.95	-35.33	-30.54	-69.72	-69.19	-58.96	-56.84	-60.42
Net Sales	10.64	-15.17	-5.09	3.69	11.46	29.65	41.46	47.96	54.01
EXPENDITURE :									
Increase/Decrease in Stock	165.65	-173.56	-148.63	-	-	4.56	-	-27.36	-48.63
Raw Material Consumed	26.03	-23.06	2.82	21.08	23.97	50.76	30.82	52.36	56.62
Power & Fuel Cost	19.83	-28.21	-26.67	-18.97	-15.90	-49.57	-56.07	-34.02	-34.36
Employee Cost	5.34	-4.72	-9.43	-1.78	0.18	11.65	38.61	46.71	42.44
Other Manufacturing Expenses	31.14	-36.86	-30.08	-4.66	8.05	29.45	15.04	83.90	60.17
General and Administration Expenses	-8.66	6.49	9.96	10.82	16.45	34.20	-22.08	-0.43	75.76
Selling and Distribution Expenses	7.53	-21.64	-18.22	-17.67	8.49	15.07	30.27	66.71	40.82
Miscellaneous Expenses	51.39	-40.97	-35.07	-34.72	-3.47	-43.06	-36.81	-36.81	-29.17
Less: Expenses Capitalized	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Expenditure	6.86	-8.72	-2.02	8.56	16.26	15.81	25.21	42.58	41.97
Operating Profit (Excl OI)	34.18	-55.37	-24.29	-26.69	-18.50	115.96	142.94	81.50	129.24
Other Income	4.10	41.54	8.72	60.00	35.38	32.82	47.69	91.79	70.77
Operating Profit	27.69	-34.44	-17.17	-7.97	-6.76	98.01	122.26	83.83	116.61
Interest	20.67	-24.58	-30.17	-46.93	-50.84	-13.97	6.70	4.47	22.35
PBDT	29.42	-36.88	-13.81	1.66	4.14	125.69	150.83	103.45	139.92
Depreciation	14.25	-19.86	-21.73	-24.07	-54.91	-20.56	-13.79	4.91	21.03
Profit Before Taxation & Exceptional Items	51.35	-61.49	-2.36	38.85	89.53	337.50	388.85	245.61	311.82
Exceptional Income / Expenses	100.00	-500.00	-100.00	-	-	-	-	-	-
Profit Before Tax	48.75	-38.08	2.85	46.26	99.64	360.85	414.95	264.06	377.94
Provision for Tax	50.38	-88.72	-21.05	-6.02	55.64	226.32	266.92	148.87	252.63
Profit After Tax	47.30	7.43	24.32	93.24	139.19	481.76	547.97	367.57	490.54
Appropriations	27.04	18.24	86.97	167.10	87.95	216.61	275.24	201.30	250.49
Equity Dividend %	33.33	-50.00	-33.33	-16.67	0.00	66.67	66.67	66.67	66.67
Earnings Per Share	47.30	7.37	24.27	93.02	138.51	480.28	546.33	366.69	-41.07
Book Value	-1.00	-5.79	-1.07	4.58	12.90	30.94	62.24	75.46	-80.64

Table – 2: Common Size Income Statement

Particulars	Mar-2000	Mar-2001	Mar-2002	Mar-2003	Mar-2004	Mar-2005	Mar-2006	Mar-2007	Mar-2008	Mar-2009
No of Months	12	12	12	12	12	12	12	12	12	12
INCOME :										
Gross Sales	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Less: Excise Duty	12.82	12.94	13.21	9.09	8.95	3.84	3.37	4.09	4.11	3.64
Net Sales	87.20	87.00	86.59	90.78	90.94	96.08	96.60	95.86	95.84	96.28
EXPENDITURE :										
Increase/Decrease in Stock	-5.60	4.10	4.82	2.99	2.21	0.62	-5.00	1.81	-3.02	-2.06
Raw Material Consumed	22.37	18.47	20.14	25.22	27.24	27.41	28.81	22.74	25.31	25.11
Power & Fuel Cost	9.96	8.91	8.37	8.01	8.12	8.28	4.29	3.40	4.88	4.69
Employee Cost	19.13	20.22	21.34	19.01	18.90	18.95	18.25	20.61	20.85	19.54
Other Manufacturing Expenses	8.03	6.18	5.94	6.16	7.70	8.58	8.89	7.18	10.97	9.23
General and Administration Expenses	3.93	4.77	4.90	4.74	4.38	4.53	4.51	2.38	2.91	4.95
Selling and Distribution Expenses	12.43	12.83	11.40	11.15	10.29	13.33	12.22	12.58	15.39	12.54
Miscellaneous Expenses	4.90	2.66	3.39	3.49	3.22	4.68	2.39	2.41	2.30	2.49
Less: Expenses Capitalized	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Expenditure	75.15	78.15	80.29	80.77	82.06	86.37	74.36	73.12	79.59	76.49
Operating Profit (Excl OI)	12.05	8.86	6.30	10.01	8.89	9.71	22.24	22.75	16.25	19.80
Other Income	3.32	3.55	5.50	3.96	5.34	4.44	3.77	3.81	4.73	4.06
Operating Profit	15.37	12.41	11.80	13.97	14.23	14.17	26.00	26.55	20.99	23.87
Interest	3.05	2.70	2.69	2.33	1.63	1.48	2.24	2.53	2.36	2.67
PBDT	12.32	9.71	9.11	11.65	12.60	12.69	23.76	24.02	18.62	21.20
Depreciation	7.29	6.97	6.83	6.25	5.56	3.25	4.94	4.88	5.68	6.32
Profit Before Taxation & Exceptional Items	5.04	2.74	2.27	5.40	7.04	9.44	18.83	19.14	12.93	14.87
Exceptional Income / Expenses	-0.26	0.00	1.20	0.00	0.00	0.00	0.00	0.00	0.00	1.51
Profit Before Tax	4.78	2.74	3.47	5.40	7.04	9.44	18.83	19.14	12.93	16.39
Provision for Tax	2.26	1.25	0.30	1.96	2.14	3.48	6.31	6.46	4.19	5.72
Reported Net profit	2.52	1.48	3.17	3.44	4.90	5.96	12.52	12.69	8.75	10.67
Appropriations	5.23	4.26	7.23	10.72	14.04	9.71	14.14	15.24	11.70	13.13

Table -3: Comparative Balance Sheet

Particulars	Mar-2001	Mar-2002	Mar-2003	Mar-2004	Mar-2005	Mar-2006	Mar-2007	Mar-2008	Mar-2009
SOURCES OF FUNDS:									
Share Capital	0	0	0	0	0	0	0	0	0
Total Reserves	1.13	-6.64	-1.22	5.23	14.78	35.46	71.33	86.47	107.28
Shareholder's Funds	0.99	-5.80	-1.09	4.56	12.90	30.93	62.23	75.44	93.58
Secured Loans	-100.00	-100.00	2514.29	2000.00	21300.00	21071.43	26800.00	26100.00	32514.29
Unsecured Loans	-24.90	-25.21	-44.09	-59.96	-59.65	-50.31	-47.10	-51.87	-47.93
Total Debts	-25.36	-25.67	-25.57	-45.05	94.54	102.16	146.70	136.91	187.11
Total Liabilities	-4.01	-9.57	-5.73	-4.85	28.39	44.45	78.24	87.11	111.33
APPLICATION OF FUNDS:									
Gross Block	0.00	-1.07	1.88	2.53	23.38	25.74	42.05	44.67	57.86
Less: Accumulated Depreciation	5.68	9.78	14.71	19.09	21.06	26.41	32.25	38.97	46.93
Less: Impairment of Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Block	-13.21	-26.31	-27.97	-36.01	28.77	24.16	64.85	57.95	83.28
Lease Adjustment A/c	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Work in Progress	0.00	0.00	0.00	0.00	1.34	0.00	0.00	0.00	0.00
Pre-operative Expenses pending	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assets in transit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investments	-1.01	101.01	82.76	144.62	148.68	214.40	331.03	375.46	521.30
Current Assets, Loans & Advances									
Inventories	-10.45	-9.92	-14.92	-6.79	-20.09	2.44	-5.94	9.84	21.51
Sundry Debtors	-4.61	-4.10	-9.90	-10.24	10.58	9.39	25.60	15.53	42.49
Cash and Bank	10.62	-15.90	-27.82	-33.82	-29.28	55.39	72.67	72.10	-3.00
Other Current Assets	0.00	210.00	210.00	40.00	200.00	230.00	-100.00	-100.00	1290.00
Loans and Advances	-11.49	-28.82	-32.63	-27.80	-26.19	-26.26	-65.18	-55.01	-67.01
Less: Current Liabilities and Provisions									
Current Liabilities	-8.10	-3.81	-34.56	-31.47	-35.28	-22.47	-24.54	-20.96	-19.86
Provisions	-23.52	-79.86	-64.47	-46.37	-46.56	-24.39	-74.64	-71.35	-66.99
Total Current Liabilities	-12.43	-25.12	-42.92	-35.65	-38.42	-23.03	-38.61	-35.08	-33.07
Net Current Assets	7.57	4.52	19.76	14.93	14.53	66.58	72.22	88.98	59.62
Miscellaneous Expenses not written off	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Tax Assets / Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Assets	-4.01	-9.57	-5.73	-4.85	28.39	44.45	78.24	87.11	111.33
Contingent Liabilities	5.55	1.01	2.62	2.49	4.18	4.22	2.52	7.38	0.65

Table – 4: Common Size Balance Sheet

Particulars	Mar-2000	Mar-2001	Mar-2002	Mar-2003	Mar-2004	Mar-2005	Mar-2006	Mar-2007	Mar-2008	Mar-2009
SOURCES OF FUNDS:										
Share Capital	10.33	10.76	11.42	10.96	10.86	8.05	7.15	5.80	5.52	4.89
Total Reserves	70.69	74.48	72.98	74.08	78.18	63.20	66.29	67.95	70.45	69.34
Shareholder's Funds	81.02	85.24	84.40	85.01	89.04	71.24	73.44	73.74	75.97	74.22
Secured Loans	0.14	0.00	0.00	3.80	3.02	22.83	20.07	20.67	19.18	21.14
Unsecured Loans	18.86	14.76	15.60	11.19	7.94	5.93	6.49	5.60	4.85	4.65
Total Debts	18.98	14.76	15.60	14.99	10.96	28.76	26.56	26.27	24.03	25.78
Total Liabilities	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
APPLICATION OF FUNDS :										
Gross Block	172.49	179.70	188.71	186.43	185.87	165.76	150.14	137.46	133.37	128.85
Less: Accumulated Depreciation	120.66	132.84	146.47	146.82	151.02	113.78	105.59	89.53	89.62	83.89
Net Block	51.83	46.86	42.23	39.60	34.86	51.98	44.55	47.94	43.75	44.95
Lease Adjustment A/c	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Work in Progress	0.00	0.00	0.00	0.00	0.00	2.04	0.00	0.00	0.00	4.30
Pre-operative Expenses pending	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assets in transit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investments	9.65	9.95	21.44	18.70	24.80	18.68	20.99	23.33	24.51	28.36
Current Assets, Loans & Advances										
Inventories	48.11	44.88	47.92	43.42	47.13	29.95	34.12	25.39	28.24	27.66
Sundry Debtors	11.47	11.39	12.16	10.96	10.82	9.88	8.68	8.08	7.08	7.73
Cash and Bank	24.12	27.80	22.44	18.47	16.78	13.29	25.95	23.37	22.19	11.07
Other Current Assets	0.20	0.20	0.67	0.64	0.29	0.46	0.45	0.00	0.00	1.29
Loans and Advances	26.75	24.66	21.05	19.12	20.30	15.38	13.65	5.23	6.43	4.18
Total Current Assets	110.64	108.97	104.24	92.61	95.31	68.96	82.85	62.06	63.93	51.94
Less: Current Liabilities and Provisions										
Current Liabilities	51.91	49.69	55.21	36.03	37.38	26.17	27.86	21.98	21.93	19.68
Provisions	20.21	16.10	4.50	7.62	11.39	8.41	10.58	2.88	3.10	3.16
Total Current Liabilities	72.12	65.80	59.71	43.67	48.78	34.59	38.43	24.84	25.02	22.84
Net Current Assets	38.52	43.17	44.53	48.94	46.54	34.36	44.43	37.22	38.91	29.10
Miscellaneous Expenses not written off	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Tax Assets / Liabilities	0.00	0.00	-8.22	-7.22	-6.21	-7.07	-9.97	-8.47	-7.17	-6.70
Total Assets	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

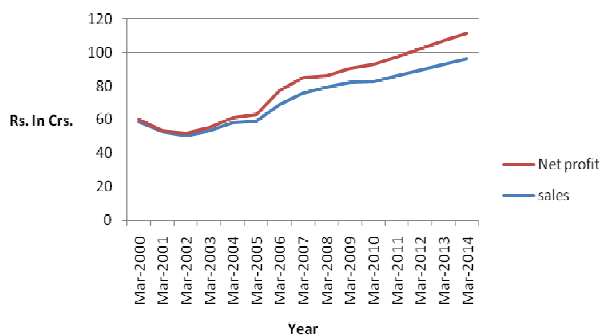
Results & Findings:

The comparative results are for nine years because 1999-2000 is the base year. In the year wise compararision it is found that year 2008-09 had high increase in sales. In the year 20001-02 and 2002-03 there was a negative sales performance. There was a significant increase in raw material consumption, other manufacturing expenses, selling and administrative expenses and miscellaneous expenses during the year 2008-09. The recognition of significant increase in almost all the expenditures happened during 2008-09, resulted in a gradual decrease in the subsequent years and in the year 2007-08 there is a significant reduction in the total expenditure. Common size profit & loss account also reflects the same. During the study period overall expenditure is high during the year 2007-08. The significant increase on reported Net profit has occurred during the year 2006-07. There is because of the significant reduction in power and fuel cost. The overall total expenditure is low during this period compared to previous year. Though year 2006-07 stands first in the reported net profit, it occupies the first position in terms of earning per share and second position in terms of book value per share it is because of more appropriations.

With regard to share capital there were no changes during the study period. the funds from reserves, secured loans, sale of fixed assets and inventory have been used for funding the investments. During the period of study the company is able to maintain a constant level of total reserves except in the year 2004-05, 2005-06 and 2006-07. Where the company had more loans. In the year 2003-04 shareholders' funds of 89.04 percent and 10.96 percent of total debt when compared to other financial years in the study.

The above graph No.2 depicts trend analysis for sales and net profit. The graph was performed in micro soft excel. The sales and net profit data is taken from 1999-2000 to 2008-09 and trend projection is made for a period of five year up to 2013 to 2014.

Chart-1: Trend analysis



To find out the relationship between the selected variables, correlation analysis is performed. In the correlation analysis it is found that the variable Reported Net profit has got significant correlation with sales, raw material, power and fuel cost, employee cost, manufacturing cost and selling and distribution expenses. It is negatively correlated with power and fuel. It is concluded that there is high degree of relationship with these variables. The is when sales increases the reported Net profit will increase and when power and fuel increase the reported Net profit will decrease.

Regression Analysis:

To find out the influence of independent variable on the dependent variable reported Net profit, multiple Regression analysis was performed. The results are given below. The correlations between the independent variables are statistically significant. Hence there is no mutual exclusiveness among the independent variables. Apart from this the significant “F” statistics raises the validity of regression model. No independent variables have a significant influence on the RNP.

Hence the stepwise reduction was applied and the following results were obtained. From the Table No.8 results it is understood that the correlation between Reported Net profit and power & fuel is high and positive. R square indicated that 66.4 percent of the change in Reported Net Profit is due to the independent variable power and fuel.

The ANOVA table ensures the dependence of Reported Net Profit on power & Fuel. The relationship is given as $RNP = 16.997 - 2.959(PF)$. It is inferred that for every unit increase in power & fuel the reported net profit will decrease by 2.959 units. Therefore the company has to pay more attention in reducing power & fuel so as to have increased wealth to the shareholders.

Conclusion:

The analysis and subsequent findings has led the researcher to the following conclusion. The significant increase in reported net profit has occurred during the year 2006-07. This is because of significant reduction in the material cost and employee cost. There is also economy in power and fuel cost during the same period. The company has to pay more attention in maintain/reducing power and fuel so as to have increased wealth to the shareholders.

TABLE -5

		RNP	SALES	RM	PF	EC	MFG	SD	DEPN
RNP	Pearson Correlation	1.000							
	Sig. (2-tailed)	.							
	N	10							
SALES	Pearson Correlation	.911**	.911						
	Sig. (2-tailed)	.000	.						
	N	10	10						
RM	Pearson Correlation	.865**	.889**	1.000					
	Sig. (2-tailed)	.001	.001	.					
	N	10	10	10					
PF	Pearson Correlation	-.815**	-.579	-.518	1.000				
	Sig. (2-tailed)	.004	.080	.125	.				
	N	10	10	10	10				
EC	Pearson Correlation	.854**	.966**	.770**	-.591	1.000			
	Sig. (2-tailed)	.002	.000	.009	.072	.			
	N	10	10	10	10	10			
MFG	Pearson Correlation	.765**	.925**	.899**	-.366	.880**	1.000		
	Sig. (2-tailed)	.010	.000	.000	.298	.001	.		
	N	10	10	10	10	10	10		
SD	Pearson Correlation	.773**	.927**	.784**	-.454	.941**	.943**	1.000	
	Sig. (2-tailed)	.009	.000	.007	.188	.000	.000	.	
	N	10	10	10	10	10	10	10	
DEPN	Pearson Correlation	.349	.575	.299	-.137	.612	.512	.516	1.000
	Sig. (2-tailed)	.324	.082	.402	.707	.060	.130	.127	.
	N	10	10	10	10	10	10	10	10

** . Correlation is significant at the 0.01 level (2-tailed).

Table-5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.995	0.991	0.959	0.706

1. Predictors; (constant),DEPN,PF,RM,SD,EC,MFG,SALES
2. Independent variable : RNP

Table-6 : ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	107.661	7	15.38015	30.86496482	0.031736
	Residual	0.996609	2	0.498304		
	Total	108.6577	9			

1. Predictors; (constant),DEPN,PF,RM,SD,EC,MFG,SALES
2. Independent variable : RNP

Table -7: Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
Model	B	Std. Error	Beta			Tolerance	VIF
(Constant)	0.524	5.965		0.088	0.938		
SALES	0.658	0.277	2.201	2.371	0.141	0.01	187.86
RM	-0.641	0.619	-0.729	-1.035	0.409	0.01	108.04
PF	-1.762	0.544	-0.485	-3.240	0.083	0.20	4.89
EC	-1.193	0.837	-0.849	-1.426	0.290	0.01	77.22
MFG	1.184	1.398	0.639	0.847	0.486	0.01	124.03
SD	-0.947	0.902	-0.577	-1.049	0.404	0.02	65.98
DEPN	-1.110	0.720	-0.277	-1.541	0.263	0.14	7.04

Dependent Variable: RNP

Table - 8: Model Summary Model Summary

Model	R	R Square	
1	.815	.664	

1. Predictors: (Constant), PF

Table-9: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	72.194	1	72.194	15.839	.004	
	Residual	36.463	8	4.558			
	Total	108.658	9				

1. Predictors: (Constant), PF

2. Dependent Variable: RNP

Table-10: Coefficients

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
Model		B	Std. Error	Beta			
1	(Constant)	16.997	3.188		5.331	.001	
	PF	-2.959	.744	-.815	-3.980	.004	

1. Dependent Variable: RNP

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