



## **Comparative Analysis of Textile Firm in Pakistani Business Group (Case of DEWAN and MANSHA Group)**

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### **Abstract**

This study is conducted in order to determine how does various financial factors liquidity efficiency, profitability and market share affect the financial performance of two textile family firm in Pakistani business group Nishat textile Mill and Dewan textile Mill. In this study, we conducted a comparative study by comparing both firm financial performance in term of liquidity, profitability, efficiency and market share. Data collected by the secondary source company's annual audited report the size of the data is five we work on five years' company financial data. Size of the sample is small selected two companies from textile sector. Nishat textile mill and Dewan textile mill selected in order to conduct comparative analysis of financial performance of companies. In order to evaluation and comparison of financial performance of selected companies, Textile Mill and Dewan Textile Mill. We use a financial ratio analysis technique, and adopted inductive approach by exploring the factors that affected the Dewan Textile Mill financial performance. In this research, use only secondary data. The exploratory research technique used for this study. The unit of analysis of our research is textile firm. Our results are indicating both firm financial position clearly that how adversely these financial factors affected the financial performance of the both firm. Our results indicating that Dewan textile mill liquidity efficiency profitability and market share are negative firm consistently suffered losses and became bankrupt contrarily Nishat textile mill liquidity, efficiency, profitability and market share indicating a positive results company consistently generating profit by efficiently manage its physical and human resources.

**Keywords:** liquidity, efficiency, profitability, market share, financial performance.

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## **Introduction**

### **Background:**

The research theme family firm survival patterns concern with current research (from finance domain). In the study we will compare the family firm Dewan Textile Mill and Nishat Textile Mill financial performance in Pakistan.

Many Scholars gave family firms definition according to their analysis (Danny miller et al, 2007) family business is those companies, key positions hold by family members. When lots of family worker work in business these firms referred to family firms. (Amit, 2006) He has also defined a family firm that one of the family member involves in firm the family member involves in the position of the board of director this type of firm known as the family firm.

In 2013, Shugufta Kashif mostly business started with the family owned business all around the world. Family owned companies are also common in Pakistan as well. Like Samsung, IKEA, Lego and Wall-Mart are, ACE Computer, Ford Motor Company SC Johnson, Tetra pack, Cadbury and Anheuser-Busch initially started with family owned companies.

80% companies are family firm, which listed in Pakistan Stock Exchange (Zaidi R and Aslam A, 2006). Family firmly owned firms is mostly found in Pakistan private companies. Family firm is backbone of Pakistan economy. Family firms are source of in Pakistan's economy Family owned - organization has to face many challenges to survival in business environment.

### **Mian Muhammad Mansha Group Industry:**

Mian Muhammad Mansha is a famous business tycoon, (industrialist). He has the large business setup in Pakistan. He belongs to Lahore Chiniotes wealthy family Mian Muhammad Yahya Marsha's father and his five brothers they migrated from Kolkata, India, Faisalabad near to Lahore in

1947. They started their families' cotton business. In 1968 Mansha's father died he came back from London and he joined his family business.

**Nishat Textile Mill:**

Nishat textile is one of the modern largest and vertically integrated firms in Pakistan. Its form of 1951 under flagship of the Nishat group. Company also the exports their product of foreign countries. The company's production facilities divided among power generation, processing, weaving, stitching and spinning. Nishat Textile mill is located in Faisalabad. Nishat Textile Mill is the best fabric mill among the textile industry in Pakistan.

**Dewan Group of Industry:**

Dewan Farooqi is a dynamic person has good qualities of leadership after passed graduation from Government Commerce and Economic College Karachi at the age of twenty he joined the family run business. Dewan group had a family oldest registered company Sh Dewan Muhammad Mushtaq in 1912. Group founder of Dewan M Mushtaq Farooqi established Dewan Muhammad Mustaq Company. In 1970 – 1978 dewan umar established two textile spinning unit with his brother Salman Farooqi in Hyderabad and Kotri. They also established the Pakistani largest sugar mill. In 1988 Dewan four listed companies revenue 1.5 billion and Dewan textile share price 62 with a zero debt. Yousaf Dewan.

**Dewan Textile:**

There are three textile mills in Dewan group Dewan Textile, Dewan Khalid Textile Mill and Dewan Mushtaq textile mill they are working under Dewan Mushtaq Group management. Dewan Textile Mill Limited manufactures and sales of yarn. Its factory located in Dadu, Sindh. Company also exports its product to foreign countries

**Research Problem Statement** :

We analysis the factor which affected the Dewan Textile Mill Limited and Nishat textile mill financial performance in term of liquidity position, profitability and market performance. Dewan Textile Mill Limited is sustaining continuously losses due to certain problem of firm. The company is facing the uncertain demand of cotton because there is the reduction of cotton producing areas. Cotton consumption is more than cotton cultivation due to this mill has to import cotton from foreign countries and firm is paying the high sales tax on imports of cotton. Cotton is an important raw material for textile mill. Continuously market demand of product is decreasing due to this plant production capacity has been decreased and sales volume is decreasing. Company is paying the highest levies to government, which also affecting the company financial performance. Bank felt hesitates for providing financial facilities to Dewan Textile Mill. company has become unable to discharge his debts.

Company has become unable to manage its financial expenditure and fail to manage his debts due to these all problem company shut down its production for some time. On the other hand, Nishat textile mill also facing all high input cost, high taxes and other factors that affecting firm financial performance. However, due to efficient management company is managing these better as compare Dewan textile mill.

**Purpose of the Research:**

We have taken two family firm groups Mian Muhammad Mansha group and Dewan Mushtaq group and compare both family textile firm financial performance. we have taken both family firm textile mills from Dewan group. We have taken Dewan Textile Mill Limited and from Mian Muhammad Mansha group have taken Nishat Textile Mill Limited. We will compare both companies' liquidity position, efficiency profitability and market performance with each other. We will also

discuss the various factors, which affected the Dewan textile mill and Nishat textile mill financial performance.

**Research Question:**

- What are the factors that Nishat textile mill liquidity position strong as comparing Dewan textile mill?
- What are the factors that Nishat textile mill efficiency had better than Dewan textile mill?
- What are factor that Nishat textile mill profitability is higher than Dewan textile mill?
- What are the factors that Dewan textile mill market performance good as comparing Dewan textile mill market performance?

**Significance of the Research:**

We will analysis the textile family firm Nishat and Dewan Textile Mill performance in Pakistan. The Textile sector is the most important sector of Pakistan economy. It is second largest employment sector of Pakistan. It contributes 60% of foreign exchange of the country through export. A country export is also declining due to various factor badly affected the Pakistan textile sector.

According to the Federal Bauru statistic, (2010) textile sector requires attention because of the current condition of the sector need extremely betterment. Pakistan textile sector is a backbone of Pakistan economy. The Pakistan textile sector provides more than 15 mill people jobs. Textile sector contributes 9.5% toward a GDP. It is necessary to take step for better performance and efficiency of textile firms.

**Literature**

(Fried, et.al 2008) financial variable creates the impact on firm performance because of change in input prices as well as output, by efficiency and productivity. This research report to measure a

textile firm performance through technical efficiency. (Coelli, et.al2005) Technical efficiency means firms ability to produce maximum production of given level of input and technology.

(pouraghajan et al, 2012) study 400 listed firms at Tehran stock exchange he measured debt to asset ratio and found leverage and firm financial performance negatively associated with each other. There is no positive relationship between leverage and firm financial performance.

According to (Berger Bonaccorsi Dipatti, 2005) they study and investigate that manger becomes unable to manage the risk that causes of higher expected cost of financial distress and bankruptcy or liquidation. (Zeitun and Tian, 2007) investigate and found that there is significance relationship between capital structure of firm with financial performance as indicator. (Rao and Syed and, 2007) (Majumdarand chibber (1997) study and found that negative association with firm performance and leverage.

(Mitto, 2004) investigated the financial flexibility of firm. The study found the result that those firms have higher financial flexibility helps to those firms to better handle of the bad situations of the firm. The study suggested that higher internal financing is the result of higher flexibility of the firm.

(Hermelo & Vassolo, 2007). Mostly researcher used sales growth is an important indicator for measuring the firm performance. (Cowling, 2004) investigated the relationship between sales growth and performance. (Voulgaris, et.al 2003) derived a result that sales growth has positive impact on firm performance. Many other studies also investigate the relationship between sales growth and firm performance.

(Khatab, et.al 2011) he defines corporate governance is policies rules and law that influencing on institution how does corporation administered and manage its operations. In Pakistan, corporate governance strategies adaptation and implementation are too late.

(Yunos, et.al 2015) Without creating liquidating problem if firm manage efficiently current assets and current liability it helps increase in firm profitability. (Kaur, 2010) firm optimum management of working capital can influence the firm efficiency. (Banos Caballero, et.al 2016). the positive relationship between working capital and firm profitability. Gamba and Tinaite (2008), Byoun (2008), Marc Steffen Rapp et.al (2014), Banos Caballero (2016), Bonaime et.al (2016) measured the financial flexibility of firm, firm ability how does firm can restructure and assessing low cost finance. (Sanchez and Preze, 2001) they give attention on six main lean manufacturing indicators.

Continuous Improvement

Proper Information System

Elimination of Zero 0 Value Added Activities

Integration of Supplier

Multifunctional Team

On Time Production and Delivery

According in mot the definition of TPM is ***“maintaining and improving the integrity of production system machine equipment, process and employee that add the value”***

Total productivity maintenance TPM strategy approach implementation and development help to maintain and improve the activities (Ahuja and Kamba,2008b).Total productivity Maintenance helps to improve performance ,quality ,reliability production equipment availability (Ahuju and Kambab, 2008).PTM has positive impact on firm financial performance ,or efficiency and profitability.

Rakaish and Kukurani (2011) selected five companies and eleven years for analyzing a company Gujarat textile industry working capital. This study conducted for analysis financial

performance used a financial ratio analysis descriptive statistics, sales, turnover, current and quick ratio current asset and total assets use for analysis.

Virambhai (2010) focus on textile industry productivity, financial efficiency, and performance of firm. It concludes that company should minimize the cost of production, control liquidity position, control expenses overhead, interest burden, reduction of power and fuel and , borrowing funds. Company management should try to increase the production.

### **Hypotheses:**

#### **Liquidity:**

- Liquidity position of Dewan Textile Mill Ltd is not good as compared to Nishat Textile Mill Ltd.

#### **Efficiency:**

- Dewan Textile Mill Ltd efficiency is not good as compared Nishat Textile Ltd.

#### **Profitability:**

- Dewan Textile Mill performance is not good as comparing Nishat textile Mill Ltd.

#### **Market performance:**

- The Market ratio of a Dewan Textile mill is not good as compared Nishat Textile Mill

## **Research Methodology**

### **Comparative case study:**

In this research, we use a comparative case study (compare and contrast approach) methodology that compare two Textile Mill Dewan Textile Mill and Nishat Textile Mill financial performance in Pakistan. It is comparative case study. we focus the factor; which affected the textile firm's financial performance. In this study we compare and analysis Nishat textile mill liquidity position efficiency profitability and market performance with Dewan textile mill.



**Population:**

The aim of selecting of these two companies' analysis Nishat and Dewan company's liquidity, efficiency, profitability and market performance comparatively that how does different factor affecting both companies' financial performance.

**Sample and Sampling method:**

The study is quantitative in nature. Randomly selecting two companies Nishat and Dewan textile mill. Population size is just two firm Dewan and Nishat textile mill. Population is known.

**Plan for Analysis:**

In order to evaluation and comparison of financial performance of selected companies, Textile Mill and Dewan Textile Mill will use financial ratio analysis technique. We will also use Microsoft excel at any use of quantitative analysis.

**Variables and formulas:**

For comparative analysis of financial performance of Dewan and Nishat Textile Mill, we will use these financial ratio analysis formulas

1. Liquidity ratio
2. Efficiency ratio
3. Market ratio
4. Performance measures through profitability ratio

**Liquidity ratio:**

Liquidity ratios reflect the short-term financial strength of the firm. We are using following ratio for measuring liquidity

**Formula:** Working Capital, Current ratio, quick asset ratio

**Efficiency Ratio:**

Efficiency ratio helps inventors to evaluate the firm ability to effectively and efficiently perform its operation and assets. For comparison of both firm's efficiency, we will use these formulas Quick Asset, Total Asset turns over ratio, Fixed Asset turns over, Stock turns over ratio, Debtor turnover ratio

**Profitability Ratio:**

Profitability ratio measures the company operating efficiency and ability to pay adequate return to its shareholders. **Gross profit ratio**, **Net profit ratio**, **operating profit ratio** **Cost of goods sold ratio**.

**Market Ratio:**

For the purpose of comparative analysis of market ratio of Dewan textile Mill and Nishat textile mill, we will use these formulas Equity ratio, Earnings per share, Dividend per share,

**Selection of company and period:**

Sample size of our research work is two companies Nishat Textile Mill and Dewan Textile Mill. Companies are listed in Pakistan Stock Exchange. Our study mainly examines the comparative financial performance of Nishat textile mill and Dewan textile mill for five years in the period between 2011 – 2015.

**Propose of Finding:**

After review of literature summary, company annual audited report, company profile and over all information related to Dewan textile Mill and Nishat Textile Mill, we found that Dewan Textile Mill financial performance is not good as comparing Nishat textile mill.

**Ethical Consideration:**

This research report follows all the requirement of ethical conduct of research. Data has collected from secondary source company's annual report, which is available on Goggle website as well as Pakistan Stock Exchange website. Company annual report reports can use publicly and can collect the data from company financial audited report. Company has not applied any restriction of using the data.

**Approach:**

We have been adopted an inductive approach to the research project. For comparative analysis of textile firm in Pakistani business (case of Dewan and Mansha group).

**Data Collection:**

**Secondary data collection:**

Our study mainly base son secondary data collection for the purpose of comparative analysis of financial performance of textile firm Dewan and Mansha. Data will be quantities in nature. We will collect the data from both corporate annual audit reports.

**Research Design:**

The research is comparative in nature. We compare Nishat textile mill liquidity position, Efficiency, profitability and market share with Dewan textile mill liquidity position, efficiency, and profitability and market performance.

## Results

## Hypothesis executive summary:

*Comparison of financial performance:*

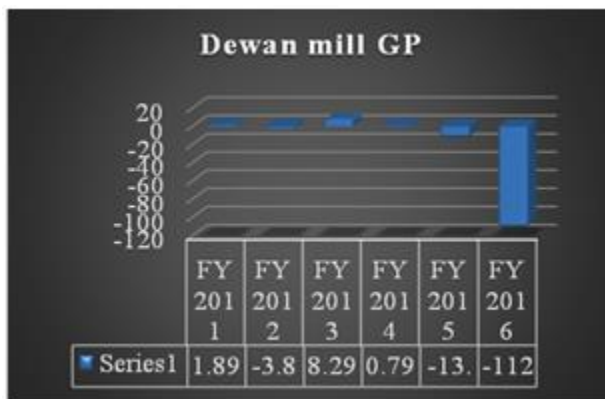
	D	N	D	N	D	N	D	N	D	N	D	N
<b>Profitability</b>	2011	2011	2012	2012	2013	2013	2014	2014	2015	2015	2016	2016
GP Ratio	1.89	16.16	-3.87	16.11	8.29	17.25	0.79	14.44	-13.29	11.81	-111.61	13.05
EBIT	-0.29	11.14	5.7	9.09	4.13	12.13	-2.92	10.98	-17.13	8.58	-199.98	11.93
NET P/L	1.119	9.979f.97	-10.775	7.8585	1.597	11.15	-8.0516	10.13	-19.732	7.64	-255.58	10.26
COGS	98.106	83.843.84	103.868	84.899	91.712	82.74	99.209	85.	113.29	88.199	211.611	86.95
						74		56.56				
<b>Liquidity ratio</b>												
current ratio	0.74	1.2	3.08	1.31	2.14	1.51	1.68	1.34	1.24	1.26	0.72	1.32
acid test	0.38	0.5	1.59	0.6	1.02	0.83	0.59	0.68	0.61	0.65	0.23	0.75
<b>Activity ratio</b>												
inventory t/o	189.67	71.29	151.34	93.85	151.112	86.9	167.53	92.88	214.64	93.35	646.31	88.83
Debtor t/o	246.8	16.99	184.769	24.32	146.559	33.89	136.913	30.75	187.348	21.2	992.709	20.09
asset t/o	0.303	0.9	0.581	0.79	0.699	0.65	0.683	0.56	0.463	0.51	0.087	0.45
fixed asset t/o	0.989	3.65	1.364	3.14	1.775	3.38	1.671	2.37	1.026	2.1	0.168	1.94
<b>market ratio</b>												
EPS ratio	2.69	13.78	-24.96	10.04	4.65	16.63	-20.36	15.68	-26.88	11.13	-19	14
DPS ratio	0	3.3	0	3.5	0	4	0	4	0	4.5	0	5
Equity ratio	0.003	65.43	-0.07	66.66	-0.036	73.07	-0.092	70.67	-0.109	75.28	-0.345	77.06

**Hypothesis testing:**

**Gross profit ratio:**

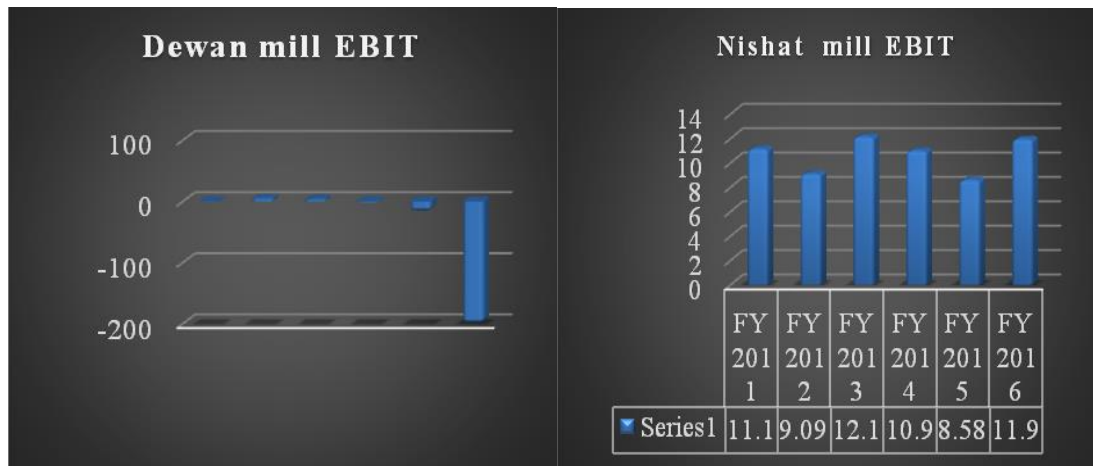
Table 1		
Gross profitability ratio		
	Company	
Year	Dewan	Nishat
2011	1.89%	16.16%
2012	-3.87%	16.11%
2013	8.29%	17.25%
2014	0.79%	14.44%
2015	-13.29%	11.81%
2016	-111.61%	13.05%
<b>Average</b>	<b>-19.63%</b>	<b>14.80%</b>

Above table 1 measurement is showing that Nishat textile mill average Gross profit is 14.80% as comparing Dewan textile mill facing gross loss -19.63% in the year,2012 2015,1016 Dewan mill consistently faced gross loss. On the other hand, Nishat mill consistently faced gross profit within six years. Its means Dewan mill cost of goods sold is higher than its sales due to this company facing gross loss. It shows that Nishat mill performance is better than Dewan mill.



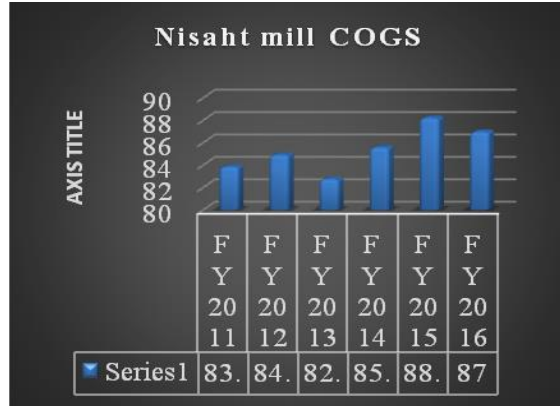
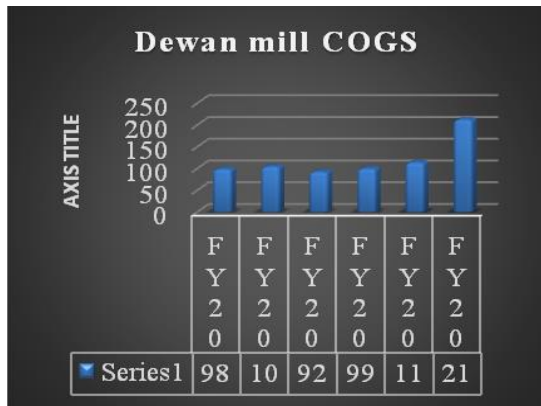
Operating profit/Loss ratio Company		
Year	Dewan	Nishat
2011	-0.29%	11.14%
2012	5.71%	9.09%
2013	4.13%	12.13%
2014	-2.93%	10.98%
2015	-17.13%	8.58%
2016	-199.99%	11.93%
<b>Average</b>	<b>-35.08%</b>	<b>10.64%</b>

Operating profit and loss ratio measures the relationship between cost of goods sold and operating profit. Table 2 measurement shows that Nishat mill average operating profit is 10.64% on the other hand Dewan mill has average operating loss is -35.08%.its shows that Nishat mill operating efficiency are higher than Dewan textile mill

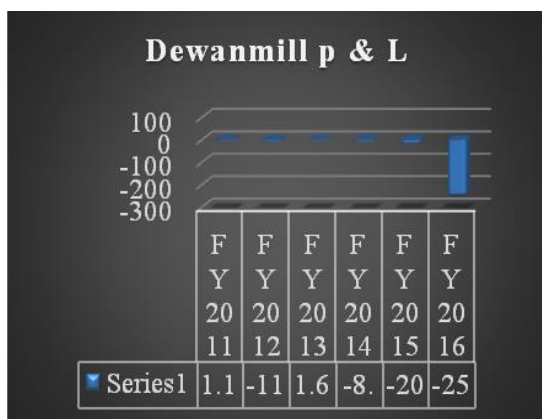


Cost of goods sold ratio Company		
Year	Dewan	Nishat
2011	98.11%	83.84%
2012	103.87%	84.89%
2013	91.71%	82.75%
2014	99.21%	85.56%
2015	113.29%	88.19%
2016	211.61%	86.95%
<b>Average</b>	<b>119.63%</b>	<b>85.36%</b>

Above table 3 measurement show that Nishat mill average cost of goods sold ratio is 85.36% on the other hand Dewan mill average cost of goods sold ratio is 119.63% which higher than Nishat mill cost of goods sold ratio. it shows that Nishat mill perform efficiently as comparing Dewan textile mill because Nishat mill has good control over its cost as comparing Dewan textile mill.



Above table 3 measurement show that Nishat mill average net profit is, 9.5% if we compare with Dewan textile mill facing average net loss -48.57% its shows that Nishat mill has ability to pay adequate return to his shareholder as comparing Dewan textile mill. Dewan textile mill became unable to pay return to their shareholder.



**Comparison Liquidity Position of Firms:****Liquidity Ratio:**

<i>Table 5</i>		
<i>Current ratio</i>		
<i>Company</i>		
<i>Year</i>	<i>Dewan</i>	<i>Nishat</i>
<b>2011</b>	0.74	1.2
<b>2012</b>	3.08	1.31
<b>2013</b>	2.14	1.51
<b>2014</b>	1.68	1.34
<b>2015</b>	1.24	1.26
<b>2016</b>	0.72	1.32
<b>Average</b>	1.6	1.32

<i>Table 4</i>		
<i>Net profit /Loss ratio</i>		
<i>Company</i>		
<i>year</i>	<i>Dewan</i>	<i>Nishat</i>
<b>2011</b>	1.13%	9.97%
<b>2012</b>	-10.78%	7.85%
<b>2013</b>	1.59%	11.15%
<b>2014</b>	-8.05%	10.13%
<b>2015</b>	-19.73%	7.64%
<b>2016</b>	-255.57%	10.26%
<b>Average</b>	-48.57%	9.5%

Current ratio measures the short-term financial strength of firm. It is studying of current asset and current liability. Above table 5 measurement show that Dewan mill has current asset ratio is 1.6, which is greater than Nishat textile mill current ratio 1.32, its means that Dewan mill has adequate current assets as comparing Nishat textile mill.



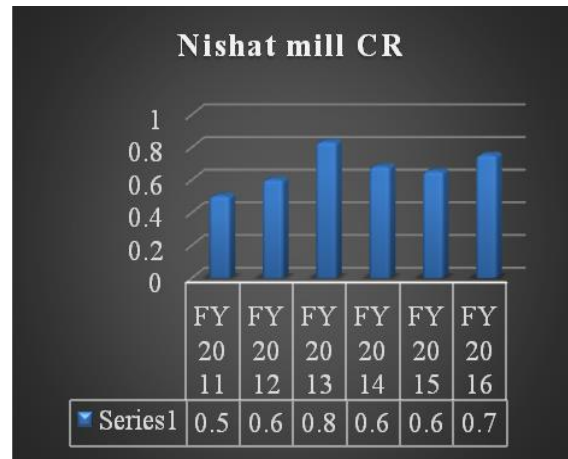


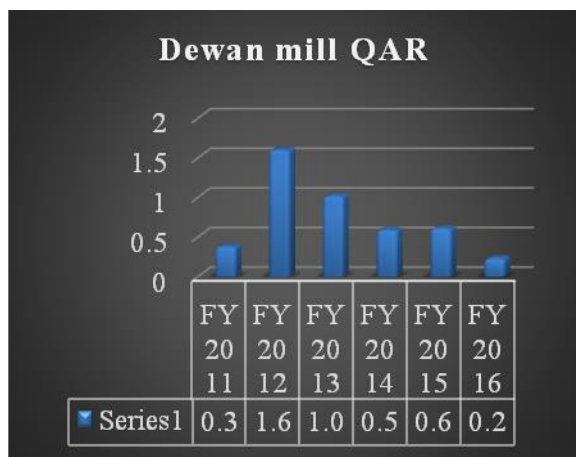
Table 6

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Quick assets ratio  
company

Year	Dewan	Nishat
2011	0.78	0.5
2012	1.59	0.6
2013	1.02	0.83
2014	0.59	0.68
2015	0.61	0.65
2016	0.23	0.75
<b>Average</b>	<b>0.80</b>	<b>0.67</b>

Above table 6 measurement show that Dewan textile mill average quick asset ratio is 0.80 which is better than Nishat textile mill average quick asset ratio 0.67 it means that Dewan mill has more liquidate asset as compare Nishat mill.



Year	Working capital company	
	Dewan	Nishat
2011	-1121679608	6297789
2012	2087089554	5022949
2013	1808857387	7221773
2014	1179766402	9136148
2015	500275876	4720920
2016	-719009723	33764308
Average	622549981.3	11027314.5

Table 7 measurement shows that Dewan textile mill average proprietary fund is Rs. 622549981.3 higher than Nishat textile mill average proprietary fund Rs. 11027314.5. But Dewan mill in 2011 and in 2016 has negative working capital its means Dewan mill in 2011 and in 2016 has excess current liabilities over its current assets. In current year 2016 Dewan mill has excess current liabilities over its assets its means company cannot meet its short-term financial obligation. On the other hand, Nishat mill current assets consistently from 2011 to 2016 excess over its current liabilities. The result is show Nishat textile mill has better financial strength in covering short-term liabilities as comparing Dewan textile mill.



**Testing Efficiency of Firms:**

**Activity / Turnover ratio /Efficiency Ratio:**

Table 8		
No. of days in inventory ( days )		
Year	Company	
	Dewan	Nishat
2011	189.67	71.29
2012	151.34	93.85
2013	151.11	86.9
2014	167.53	92.88
2015	214.64	93.35
2016	646.31	88.83
<b>Average</b>	<b>253.43</b>	<b>87.85</b>

Above table 7 measures that Nishat textile mill average inventory turnover ratio (days) is 87.85 which are higher than Dewan textile mill average inventory turnover ratio (days) 253.43 its means that Nishat mill has better inventory management as comparing Dewan textile mill because Dewan textile mill inventory stay in stock more days as comparing Nishat textile mill.



Above

Table 9

table 8

No. of days in receivable ( days ) Company		
Year	Dewan	Nishat
2011	246.8	16.99
2012	184.76	24.32
2013	146.55	33.89
2014	136.91	30.75
2015	187.35	21.2
2016	992.7	20.09
<b>Average</b>	<b>315.85</b>	<b>24.54</b>

Measurement show that Nishaht mill has efficient credit management policy because its turnover (days) is less than Dewan mill. Nishat mill account receivable are converted in to cash within 24 days on the other hand Dewan mills accounts receivables is converted into cash in every 315.85 day .it shows that Nishat textile mill has adopted a better credit management policy as comparing Dewan mill.



Table 10

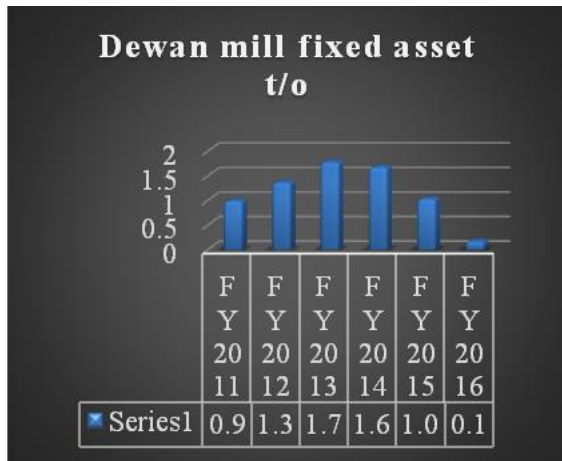
Year	Total asset turnover ratio Company	
	Dewan	Nishat
2011	0.303	0.9
2012	0.58	0.79
2013	0.699	0.65
2014	0.682	0.56
2015	0.68	0.51
2016	0.087	0.45
<b>Average</b>	0.51	0.64

Asset turnover ratio measures that how efficiently firm uses its total assets. If asset turnover ratio is high, it means firm greater intensive utilization of assets. In addition, lower asset turns over ratio indicates that firm with underutilization of assets. Above table 9 measurements shows that Nishat textile mill average asset turnover ratio 0.64 which is higher than Dewn textile mill average asset turnover ratio 0.51.

Table 11

Year	Fixed asset turnover ratio time Company	
	Dewan	Nishat
2011	0.99	3.65
2012	1.36	3.14
2013	1.76	3.38
2014	1.67	2.37
2015	1.03	2.1
2016	0.17	1.94
<b>Average</b>	1.163	2.76

Above table 10-measurement show, that average fixed assets turnover ratio is higher 2.76 as comparing to Dewan textile mill. Dewan mill fixed assets turnover ratio is 1.16. The result show that Nisaht mill effectively utilize fixed assets to generate the revenue as comparing Dewan textile mill. Dewan mill underutilize fixed assets to generate the revenue.



**Testing market performance of firms:**

**Market ratio:**

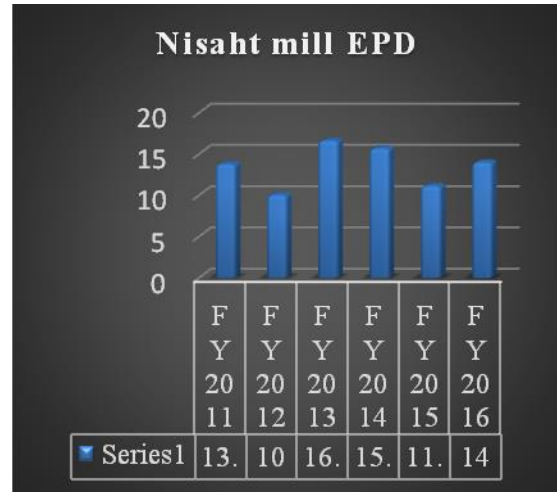
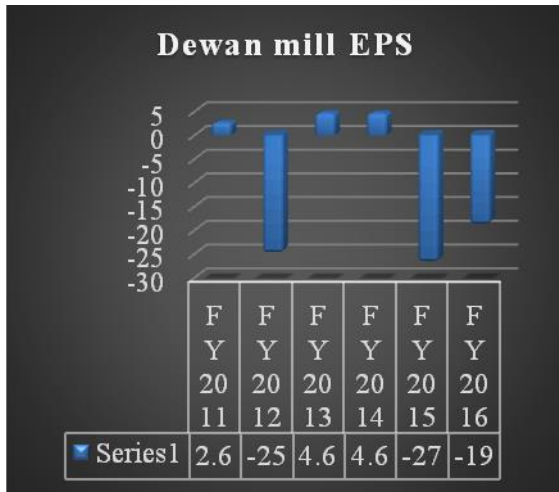
Table 12

Year	Earnings per share Rs. Company	
	Dewan	Nishat
2011	2.69	13.78
2012	-24.96	10.04
2013	4.65	16.63
2014	-20.36	15.68
2015	-26.88	11.13
2016	-19	14
<b>Average</b>	<b>-13.98</b>	<b>13.54</b>

Table 13

Year	Dividend per shares Rs. Company	
	Dewan	Nishat
2011	0	3.3
2012	0	3.5
2013	0	4
2014	0	4
2015	0	4.5
2016	0	5
<b>Average</b>	<b>0</b>	<b>4.05</b>

Higher earnings per share indicate that firm earning higher profit. Negative earnings per share indicates firm losing money its means firm generating losses. Table 12 measurements shows that Nishat textile mill average earning share is 13.54 as comparing Dewan textile mill generating average loss per share -13.98.it shows that Dewan mill losing money and became unable to pay return to its shareholder and shareholder facing lose in earning per



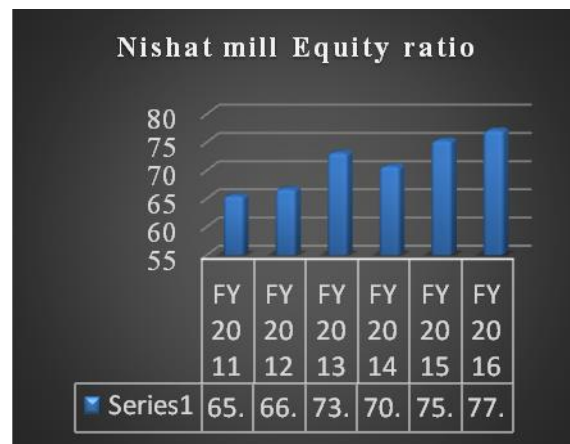
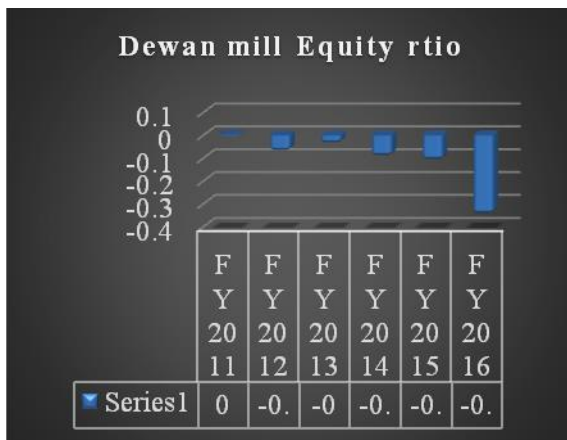
. Above table 13 measurement show, that Nishat textile mill average earning per share is Rs.4.05 its means that Nishat textile mill in better position as comparing. Dewan textile mill earning per share is Rs.0. as result is showing that Dewan mill is not paying consistently dividend to their shareholder from 2011 to 2016 its means that Dewan textile has poor financial health as comparing Nishat textile mill.



Table 13

Year	Proprietary /Equity ratio Company	
	Dewan	Nishat
2011	0.335595636	65.44
2012	-7.45	66.69
2013	-3.65	73.07
2014	-9.2	70.68
2015	-10.97	75.28
2016	-34.53	77.07
Average	-10.91	71.37

Above table 13-measurement show, that Nishat textile mill average equity ratio is 71.37, which higher than Dewan mill proprietary equity ratio. Dewan mill equity ratio is negative -10.91 % which indicate that company has become totally bankrupt because firm has been used too much debts and become unable to discharge its debts.



**Conclusion**

- After study and review for both companies major factor of whole study we conclude are the following results
- Nishat textile mill liquidity position is strong as comparing Dewan textile mill.
- Nishat textile mill operating efficiency is better as comparing Dewan textile mill operating efficiency.



- Nishat textile mill performance in terms of profits is better as comparing Dewan textile mill suffered losses.
- Nisaht textile mill market performance better as comparing Dewan textile mill.

### **Discussion**

#### **Dewan textile mill:**

Dewan textile mill financial condition is not satisfactory. Company has not available working capital for managing its operational activities. Company cannot avail the financial help from bank or other financial institution because company has already high dues of interest and liabilities

After review, six-year data found that Dewan textile mill continually six-year dividend paid is zero due to suffered losses. Dewan textile mill EPS are negative as comparing Nishat textile mill. Nisaht textile mill EPS is positive every year.

Dewan textile mill suffered a loss consistently after 2011 because company could not manage its high cost of production.

Dewan textile mill heavy amount stuck in terms of receivable from many customers due to inefficient credit management policy. Dewan textile mill underutilize plant capacity of production due to this every year company sale is decreasing.

#### **Dewan textile mill:**

Nishat company liquidity position is strong as comparing Dewan textile mill. Nishat Company effectively and efficiently manages its fund. Company is smoothly running its operational activities as comparing Dewan textile mill. Nishat textile mill efficiency is better as comparing Dewan textile mill. Nits hat textile mill efficiently and effectively manage its inventory by using supply chain proper process.

Nishat textile mill is generating profit every year due to efficiently and effectively managing its cost of production through proper efficient strategic planning and forecasting.

Nishat textile mill fully utilize fixed asset as well as total assets of the business in order to generate the sales. Nishat textile mill market performance better as comparing Dewan textile mill. Nishat textile mill gives dividend to their shareholder consistently every year and firm dividend grows every year.

### **Policy implication**

#### **Dewan textile mill:**

This study finding that Dewan textile mill should manage its resources optimally to improve the performance and generate profit. For improvement performance, Nishat mill should invest in fixed assets (latest's technology and innovation, tools and latest textile equipment digital machineries and plants). Firm should not use high debt in its capital structure. Debts should reasonable proportion to include in firm capital structure. High proportion of debts affects the firm financial performance. In order to make firm financially strong firm should manage its cost of production and various expenses because input cost has significantly impact on firm financial performance.

#### **Nishat textile mill:**

Nishat textile mill has a good market position in the market company can more improvement in efficiency by utilizing high skillful labor latest technology, efficient strategic planning and forecasting and can enhance profit margin and ultimately market performance in term of dividend earning per share and equity of firm.

### **Limitation**

This study is applicable only non-financial institution it cannot implement the financial institution. Further study can be conducting in order to measure the firm financial performance

affected by liquidity position, profitability, market share, efficiency, and other factor, which affect the financial performance of firm. Similar comparative study can be conducting by using these variables in order to measure the financial performance in different groups of different sector of Pakistan.

### **Recommendation**

In this comparative study, focus financial performance of firms and factor that affecting two company's Nishat and Dewan textile mill financial performance. We got result that firm financial performance affected by liquidity, efficiency, profitability, and market performance. Firm should not use heavy debts because its effect the financial performance of firm heavy debts creates the bankruptcy risk for firm. Firm should maintain liquidity position by managing its receivables inventory and working capital for smooth running of operational activities of firm. Firm should also improve efficiency by delivering good quality of product delivery on time maintaining the firm should make proper investment in fixed asset as well as other asset of firm. Firm should use latest technology in production process in order to improve the performance. Firm should use to value added low cost activities in order to achieved low cost of production and increase the profitability of firm. Government authorities should provide the low rate loan and awareness to farmer in order to increase the cultivation of good quality cotton production of the country. Government should decrease the rate of electricity and gas and solve the problem of heavy load shedding. Firm should make valuable investment in enhancing the labor skills and development. Government authorities help textile industry to explore the new marke

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