

Financial Performance Analysis of Textile Companies in Tamilnadu with Reference To Coimbatore – A Study

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ABSTRACT

Indian Textile industry is one of the largest industries in India. It is the second largest industry in terms of providing employment opportunities to more than 35 million people in the country. Indian Textile industry contributes 7% of industrial output in terms of value, 2% of India's GDP and 15% of country's export earnings. The textiles industry has made a major contribution to the national economy in terms of net foreign exchange earnings and contribution to the GDP.

India's overall textile exports during Financial Year 2017-18 stands at US\$ 39.2 billion. India is the second largest producer and exporter of cotton in the world at \$6.3 billion, close to China. India emerged as the largest producer of cotton in the world with the production of 345 lakh bales in 2016-17 and second largest exporter after China.

Currently, the cotton industry is sustaining livelihoods of 5.8 million farmers and 40-50 Million people engaged in other activities like processing and trading. India is the largest producer of jute in the world. The Sericulture and Silk Sector: India is the second largest producer of silk in the world, producing around 18% of the world's total silk. Mulberry, Eri, Tasar, and Muga are the main types of silk produced in the country. It is a labor-intensive sector.

The main purpose of this paper is to study and analyse Financial Performance of Textile Companies in Tamilnadu with Reference to Coimbatore (like Ambika Cotton Mills Limited, Bannari Amman Spinning Mills Limited, Gangotri Textiles Limited, KG Denim Limited and Lakshmi Mills Company Limited). This study was done based on secondary data collected from multiple sources of evidence, in addition to books, journals, websites, and newspapers.

KEYWORDS: Current Ratio, Inventory, Financial Statement, Profit, Mean and Standard Deviation.

INTRODUCTION

India's textiles sector is one of the oldest industries in Indian economy for several centuries. India's overall textile exports during Financial Year 2017-18 stands at US\$ 39.2 billion and expected to increase to US\$ 82.00 billion by 2021 from US\$ 31.65 billion in Financial Year 2019 (up to January 2019). (Source: IBEF October 2019)

India is the world's second largest producer of textiles and garments. Rising per capita income, favorable demographics and preference to branded products are the boosting demand for textiles and garments producer. The size of India's textile market as of November 2017 was around US\$ 150 billion, which is expected to touch US\$ 223 billion market by 2021, growing at a CAGR of 12.2% between 2009-21. The new textile policy aims to achieve US\$ 300 billion worth of textile exports by 2024-25 and create an additional 35 million jobs. By 2022, the Indian textile sector requires additional 17 million work forces. In 2018-19, Indian home textile industry reached US\$ 4.95 billion. The textile industry to grow at a rate of 8.7% between 2007 and 2023 and reach US\$ 226 billion by 2023. Favorable trade policies and superior quality are the drive force for textile exports. In FY19, India's textile exports increased 1.66% to US\$ 35.969 billion as compared to US\$ 35.381 in FY18. (Source: IBEF October 2019)

The Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralized power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

Company Profile:

Ambika Cotton Mills Limited (ACML) is situated at Coimbatore. It is engaged in the manufacturing of premium quality Compact and Eli twisted cotton yarn for hosiery and weaving. It plays a key role in the international and domestic yarn market with exports constituting 60% of its revenues. Ambika Cotton Mills Ltd is a manufacturer of cotton yarn. It started as a private limited company on 6th October 1988 and became a public limited company on 5th September 1994. It has 4 manufacturing units situated at Dindigul, Tamil Nadu with a total spindle capacity of 108288 of Compacting System. Ambika Cotton Mills Ltd is number one in the shirting segment and most preferred client of all top quality shirt manufacturers around the world. They hold a very niche segment in the industry, with sound track record of product quality and delivery fulfillment. Zero complaints with clients, shippers and raw material suppliers are their pride in the market. They are also committed to GO GREEN INITIATION and produce over 110% of its power requirement by clean wind power with installed capacity of 27.4 MW.

Bannari Amman Spinning Mills Limited started as Shiva Textiles (CBT) Limited on 10th July 1989, renamed as Bannari Amman Spinning Mills Ltd on October 11, 1991 and commenced its commercial operations in the year 1995. Since inception the company has progressed to be a leader in cotton yarn spinning in South India, a premium in the market for its products. It has two factories for yarn spinning with an installed capacity of more than 135000 spindles at Dindigul, Tamil Nadu. The weaving division at Coimbatore, Tamil Nadu, has an installation of 135 Sulzer projectile wider width Looms. It also has a technical textile division comprising of coating, flocking and lamination units.

Gangotri Textiles Limited (GTL) situated at Coimbatore was started as Gangotri Textiles Private Limited on 26th July 1989 and became a public limited company on 1st January 1993. It has a vertically integrated textile unit, with world class in-house facilities from processing yarn to manufacture of finished garments. Gangotri incorporates the latest technology with hi-tech machinery to produce the finest variety of textile products. It currently has installed capacity of 5,904 rotors that makes them a key player in the organized segment of the OE spinning industry. GTL has set up wind mills with a total capacity of 3.30 MW and an oil based power generation plant of 2 MW capacity.

K G Denim Limited (KGDL) situated at Coimbatore was started on 25th June 1992 and became a public limited company in the year 1993. KGDL is a premier denim and apparel fabric manufacturer, whose products are supplied to leading jeans wear makers, fashion brands and retailers worldwide. Their products are sold under the trade mark Indigo Fabrics with various lines like Strength, Pride, Ecstasy, Fortune and Passion and Trigger for readymade jeans. KGDL also entered the home textiles market to provide innovative and specialized products for beds, blankets, pillow cases and duvet/ comforter covers. KG Denim is part of textile group with annual turnover of \$150 million. It currently manufactures 24 million meters of denim fabrics, 12 million meters of cotton fabrics, 2 million equivalent sheet sets of made-ups and 3 million jeans & trousers.

Lakshmi Mills Company Limited established in the year 1910 by pioneer late G. Kuppaswamy Naidu. The history of Lakshmi Mills is the way for history of the textile industry in Coimbatore. Lakshmi Mills has contributed to the development of textile industry close to a century by promoting self-reliance, research, import substitution, exports and technology. It has demonstrated staying powerful by ensuring quality and customer satisfaction as its prime objectives. Only company situated at Coimbatore that has celebrated its golden jubilee, diamond jubilee, platinum jubilee and centenary celebration in the year 2010. The annual turnover of the company is around Rs. 100 crores. Lakshmi Mills Company is a major textile yarn and cloth manufacturer in Coimbatore, India. The promoters of the mill were also instrumental in starting various textile machinery companies notably LMW, medical and educational institutions. The Lakshmi Mills Company Limited has also contributed in various fields like education, synthetic machinery and support systems. The companies have contributed in a large measure to the industry and to society.

OBJECTIVE OF THE STUDY

The present study made an attempt to examine the financial soundness and performance of Selected Textile companies in Tamilnadu with Reference to Coimbatore. The main objectives are:

- To evaluate the financial statement analysis of Selected Textile Companies in Tamilnadu with Reference to Coimbatore namely Ambika Cotton Mills Limited, Bannari Amman Spinning Mills Limited, Gangotri Textiles Limited, KG Denim Limited and Lakshmi Mills Company Limited using the different statistical tools.
- To make comparative analyze of their financial soundness and performance under the study period (i.e. for a period of 5 Years - between 1st April 2015 and 31st March 2019).

RESEARCH METHODOLOGY

This research follows the analytical research methodology which is based on the quantitative data. The main source of data used for the study is secondary data derived from the published Annual Reports of the selected Textile Companies in Tamilnadu with Reference to Coimbatore. The information related with theoretical background has been collected from websites, journals, magazines, newspapers and books. Present study covers the financial statement analysis of Selected Textile Companies in Tamilnadu with Reference to Coimbatore namely Ambika Cotton Mills Limited, Bannari Amman Spinning Mills Limited, Gangotri Textiles Limited, KG Denim Limited and Lakshmi Mills Company Limited for Five consecutive years. The year of the study is between 2015 and 2019. The Rationale behind selecting is based on the availability of data. For this purpose, exploratory method has been adopted as it helps to investigate any problem with suitable hypothesis, and it is also important for the clarification of the concept.

LIMITATIONS OF THE STUDY

- The financial statements and annual report were used; hence the data collected is secondary in nature.
- False Results: In case the data upon which the ratios are computed are incorrect, then the ratios calculated would also be incorrect.
- Limited Comparability: The different accounting policies followed by firms will not make some of the accounting ratios strictly comparable.
- Ratio analysis is only a quantitative method of performance analysis and hence ignores qualitative factors.
- Ratio analysis is only to measure profitability, efficiency and financial soundness but they aren't the solution to real time problem.
- The scope of study analysis is only for 5 years (between 2015 and 2019).

TOOLS AND TECHNIQUES OF ANALYSIS

The collected data have been suitably re-arranged, classified and tabulated as per the requirement of the study and the following techniques have been applied:

- A. **Accounting Ratios:** Accounting ratios like Current Ratio, Quick Ratio, Inventory Turnover Ratio, operating profit Ratio and Net Profit Ratio for five financial years have been calculated. Comparison of current to past performance using ratios enables analyst to assess a firm's progress.
- B. **Statistical Tools**
- In order to facilitate study Arithmetic Mean, Standard Deviation, and Coefficient of Variation have been calculated.
 - Analysis is the key element of any research as it is the reliable way to test the hypothesis framed by the investigator. This paper deals with the analysis of the secondary data collected through published Annual Reports of the selected Textile Companies in Tamilnadu with Reference to Coimbatore. The collected data has been codified, tabulated and analysis has been conducted using the different statistical tools such as Descriptive Statistics (like Mean, Standard Error, Standard Deviation, Median, Mode, Sample Variance, Maximum, Minimum, Range, Count and Confidence Level - 95%).

Financial Statement Analysis of Selected Textile Companies in Tamilnadu with Reference to Coimbatore

Financial Statement Analysis										
Description	AMBIKA COTTON MILLS LTD					BANNARI AMMAN SPINNING MILLS LTD				
	2019	2018	2017	2016	2015	2019	2018	2017	2016	2015
Net Sales (Rs. in Crore)	655.6	584.47	528.61	492.31	495.54	999.83	892.04	868.45	771.00	680.42
Variable cost (Rs. in Crore)	538.87	483.18	428.46	404.54	385.51	913.75	844.72	781.57	683.66	605.83
Contribution = Net Sales – Variable Cost (Rs. in Crore)	116.73	101.29	100.15	87.77	110.03	86.08	47.32	86.88	87.34	74.59
EBT (Rs. in Crore)	86.83	79.55	72.00	58.94	63.78	19.07	7.64	14.45	27.72	19.14
Combined Leverage % = (Contribution ÷ EBT) * 100 (%)	134.44	127.33	139.10	148.91	172.51	451.39	619.37	601.25	315.08	389.71
Total Debt (Rs. in Crore)	88.67	28.43	7.49	19.71	49.6	616.76	607.81	505.95	413.62	378.67
Net Worth (Rs. in Crore)	474.62	428.81	374.7	335.05	301.21	309.09	292.88	288.93	269.75	254.29
Debt Equity Ratio = Total Debt ÷ Net Worth (in times)	0.19	0.07	0.02	0.06	0.16	2.00	2.08	1.75	1.53	1.49
Current Asset (Rs. in Crore)	306.26	258.4	203.86	147.45	153.38	440.62	399.47	304.73	294.02	241.03
Current Liability (Rs. in Crore)	49.95	107.33	93.84	68.89	89.16	188.49	184.78	148.04	242.12	204.86
Current Ratio = Current Asset ÷ Current Liability (in times)	6.13	2.41	2.17	2.14	1.72	2.34	2.16	2.06	1.21	1.18
Total Assets (Rs. in Crore)	563.29	457.22	382.19	354.75	350.8	925.84	900.69	794.89	683.37	632.96
Proprietary Ratio = Net Worth ÷ Total Assets (in times)	0.84	0.94	0.98	0.94	0.86	0.33	0.33	0.36	0.39	0.40
EBIT (Rs. in Crore)	96.25	84.48	75.84	64.16	70.09	81.43	64.5	58.24	64.05	55.35
Interest = EBIT – EBT (Rs. in Crore)	9.42	4.93	3.84	5.22	6.31	62.36	56.86	43.79	36.33	36.21
Interest Coverage Ratio = EBIT ÷ Interest (in times)	10.22	17.14	19.75	12.29	11.11	1.31	1.13	1.33	1.76	1.53
Net Profit (Rs. in Crore)	63.18	61.07	55.74	44.46	51.18	19.34	7.34	11.20	18.55	12.83
Net Profit Ratio = Net Profit ÷ Net Sales (in times)	0.10	0.10	0.11	0.09	0.10	0.02	0.01	0.01	0.02	0.02
Inventory (Rs. in Crore)	271.89	239.93	151.5	124.17	144.53	255.33	276.00	197.57	196.2	153.46
Liquid Asset = Current Asset – Inventory (Rs. in Crore)	34.37	18.47	52.36	23.28	8.85	185.29	123.47	107.16	97.82	87.57
Quick Ratio = Liquid Asset ÷ Current Liability (in times)	0.69	0.17	0.56	0.34	0.10	0.98	0.67	0.72	0.40	0.43
Sales Turnover (Rs. in Crore)	655.60	584.47	528.61	492.31	495.54	999.83	892.04	868.45	771.00	680.42
Inventory Turnover Ratio = Sales Turnover ÷ Inventory (in times)	2.41	2.44	3.49	3.96	3.43	3.92	3.23	4.40	3.93	4.43
Equity Share Capital (Rs. in Crore)	5.72	5.73	5.73	5.88	5.88	15.75	15.75	15.75	15.75	15.75
Earnings Per Share (Rs.)	110.45	106.67	97.36	75.67	87.11	12.28	4.66	7.11	11.77	8.14
Book Value (Rs.)	829.76	749.00	654.49	570.29	512.7	196.20	185.91	183.4	171.23	161.41
Equity Dividend (%)	300.00	350.00	0.00	150.00	140.00	16.00	16.00	18.00	16.00	15.00
Shares in issue (Lakhs)	57.20	57.25	57.25	58.75	58.75	157.54	157.54	157.54	157.54	157.54

(Source: Secondary Data through Audited Annual Report)

Financial Statement Analysis										
Description	GANGOTRI TEXTILES LTD					KG DENIM LTD				
	2019	2018	2017	2016	2015	2019	2018	2017	2016	2015
Net Sales (Rs. in Crore)	0.00	1.46	0.58	26.03	74.30	692.87	634.94	617.69	651.73	591.78
Variable cost (Rs. in Crore)	0.26	1.50	2.22	26.12	68.43	630.26	601.53	556.83	555.61	554.74
Contribution = Net Sales – Variable Cost (Rs. in Crore)	-0.26	-0.04	-1.64	-0.09	5.87	62.61	33.41	60.86	96.12	37.04
EBT (Rs. in Crore)	-0.19	1.32	-0.50	-38.82	-45.94	15.42	9.22	38.80	35.38	1.96
Combined Leverage % = (Contribution ÷ EBT) * 100 (%)	136.84	-3.03	328.00	0.23	-12.78	406.03	362.36	156.86	271.68	1889.80
Total Debt (Rs. in Crore)	245.45	0.00	0.00	279.77	365.13	169.83	132.87	97.01	122.18	136.03
Net Worth (Rs. in Crore)	-235.69	-235.01	-236.34	-235.4	-196.6	114.35	107.99	103.99	80.04	61.23
Debt Equity Ratio = Total Debt ÷ Net Worth (in times)	-1.04	0.00	0.00	-1.19	-1.86	1.49	1.23	0.93	1.53	2.22
Current Asset (Rs. in Crore)	0.04	0.16	0.83	1.48	13.01	223.96	250.79	207.90	191.51	173.77
Current Liability (Rs. in Crore)	6.22	251.61	254.56	9.49	17.94	179.48	223.11	169.39	162.52	164.56
Current Ratio = Current Asset ÷ Current Liability (in times)	0.01	0.00	0.00	0.16	0.73	1.25	1.12	1.23	1.18	1.06
Total Assets (Rs. in Crore)	9.76	-235	-236.33	44.36	168.54	284.18	240.85	201	202.2	197.26
Proprietary Ratio = Net Worth ÷ Total Assets (in times)	-24.15	1.00	1.00	-5.31	-1.17	0.40	0.45	0.52	0.40	0.31
EBIT (Rs. in Crore)	-0.19	1.32	-0.5	-25.99	-16.62	40.41	33.57	64.83	67.79	29.93
Interest = EBIT – EBT (Rs. in Crore)	0.00	0.00	0.00	12.83	29.32	24.99	24.35	26.03	32.41	27.97
Interest Coverage Ratio = EBIT ÷ Interest (in times)	--	--	--	-2.03	-0.57	1.62	1.38	2.49	2.09	1.07
Net Profit (Rs. in Crore)	-0.18	1.33	-0.53	-38.80	-45.90	10.98	5.83	24.58	21.12	0.21
Net Profit Ratio = Net Profit ÷ Net Sales (in times)	--	0.91	-0.91	-1.49	-0.62	0.02	0.01	0.04	0.03	0.00
Inventory (Rs. in Crore)	0.00	0.00	0.26	0.26	8.66	130.24	143.73	120.49	107.76	123.78
Liquid Asset = Current Asset – Inventory (Rs. in Crore)	0.04	0.16	0.57	1.22	4.35	93.72	107.06	87.41	83.75	49.99
Quick Ratio = Liquid Asset ÷ Current Liability (in times)	0.01	0.00	0.00	0.13	0.24	0.52	0.48	0.52	0.52	0.30
Sales Turnover (Rs. in Crore)	0.00	1.46	0.58	26.03	74.30	692.87	634.94	617.69	651.73	591.78
Inventory Turnover Ratio = Sales Turnover ÷ Inventory (in times)	--	--	2.23	100.12	8.58	5.32	4.42	5.13	6.05	4.78
Equity Share Capital (Rs. in Crore)	106.73	106.73	106.73	106.73	106.73	25.65	25.67	25.67	25.67	25.67
Earnings Per Share (Rs.)	-0.06	0.41	-0.16	-11.90	-14.08	4.28	2.27	9.58	8.23	0.08
Book Value (Rs.)	-99.99	-99.78	-100.19	-99.9	-88.00	44.58	42.09	40.53	31.2	23.87
Equity Dividend (%)	--	--	--	--	--	7.50	7.50	7.50	7.50	7.50
Shares in issue (Lakhs)	326.15	326.15	326.15	326.15	326.15	256.50	256.54	256.54	256.54	256.54

(Source: Secondary Data through Audited Annual Report)

Financial Statement Analysis					
Description	LAKSHMI MILLS COMPANY LTD				
	2019	2018	2017	2016	2015
Net Sales (Rs. in Crore)	247.70	236.68	227.23	199.20	221.30
Variable cost (Rs. in Crore)	240.26	211.83	213.45	191.82	200.87
Contribution = Net Sales – Variable Cost (Rs. in Crore)	7.44	24.85	13.78	7.38	20.43
EBT (Rs. in Crore)	-4.15	2.71	4.44	1.47	2.82
Combined Leverage % = (Contribution ÷ EBT) * 100 (%)	-179.28	916.97	310.36	502.04	724.47
Total Debt (Rs. in Crore)	61.45	68.14	58.08	56.81	52.26
Net Worth (Rs. in Crore)	443.58	491.33	357.61	35.64	35.35
Debt Equity Ratio = Total Debt ÷ Net Worth (in times)	0.14	0.14	0.16	1.59	1.48
Current Asset (Rs. in Crore)	68.30	69.29	58.92	159.47	153.32
Current Liability (Rs. in Crore)	56.12	52.72	44.01	38.10	40
Current Ratio = Current Asset ÷ Current Liability (in times)	1.22	1.31	1.34	4.19	3.83
Total Assets (Rs. in Crore)	505.03	559.48	415.69	92.43	87.59
Proprietary Ratio = Net Worth ÷ Total Assets (in times)	0.88	0.88	0.86	0.39	0.40
EBIT (Rs. in Crore)	5.88	11.36	12.73	11.78	12.9
Interest = EBIT – EBT (Rs. in Crore)	10.03	8.65	8.29	10.31	10.08
Interest Coverage Ratio = EBIT ÷ Interest (in times)	0.59	1.31	1.54	1.14	1.28
Net Profit (Rs. in Crore)	-7.93	1.42	1.07	1.05	4.29
Net Profit Ratio = Net Profit ÷ Net Sales (in times)	-0.03	0.01	0.00	0.01	0.02
Inventory (Rs. in Crore)	32.69	31.53	36.61	136.64	129.77
Liquid Asset = Current Asset – Inventory (Rs. in Crore)	35.61	37.76	22.31	22.83	23.55
Quick Ratio = Liquid Asset ÷ Current Liability (in times)	0.63	0.72	0.51	0.60	0.59
Sales Turnover (Rs. in Crore)	247.70	236.68	227.23	199.2	221.3
Inventory Turnover Ratio = Sales Turnover ÷ Inventory (in times)	7.58	7.51	6.21	1.46	1.71
Equity Share Capital (Rs. in Crore)	6.96	6.96	6.96	6.96	6.96
Earnings Per Share (Rs.)	-114.03	20.46	15.32	15.07	61.69
Book Value (Rs.)	6,377.35	7,063.86	5,141.31	512.35	508.12
Equity Dividend (%)	5.00	9.00	9.00	9.00	15.00
Shares in issue (Lakhs)	6.96	6.96	6.96	6.96	6.96

(Source: Secondary Data through Audited Annual Report)

Contribution: “Contribution” represents the portion of sales revenue that is not consumed by variable costs and so contributes to the coverage of fixed costs. This concept is one of the key building blocks of break-even analysis.

DATA ANALYSIS AND INTERPRETATION

Table 1 to 8 (Source: Secondary Data through Audited Annual Report)

Year	AMBIKA COTTON MILLS LTD	BANNARI AMMAN SPINNING MILLS LTD	GANGOTRI TEXTILES LTD	K G DENIM LTD	LAKSHMI MILLS COMPANY LTD
2015	172.51	389.71	-12.78	1889.80	724.47
2016	148.91	315.08	0.23	271.68	502.04
2017	139.10	601.25	328.00	156.86	310.36
2018	127.33	619.37	-3.03	362.36	916.97
2019	134.44	451.39	136.84	406.03	-179.28
Mean	144.46	475.36	89.85	617.35	454.91
Standard Error	7.84	59.24	65.62	320.96	188.61
Median	139.10	451.39	0.23	362.36	502.04
Standard Deviation	17.53	132.46	146.73	717.69	421.74
Sample Variance	307.29	17546.83	21528.71	515085.96	177868.73
Range	45.18	304.29	340.78	1732.94	1096.25
Minimum	127.33	315.08	-12.78	156.86	-179.28
Maximum	172.51	619.37	328.00	1889.80	916.97
Sum	722.29	2376.80	449.26	3086.73	2274.56
Count	5.00	5.00	5.00	5.00	5.00
Confidence Level (95.0%)	21.77	164.48	182.19	891.14	523.67

Interpretation: The above Table 1 describes that the Mean Combined Leverage % of KG Denim Limited is 617.35% which is Maximum compared to Minimum of 89.85% for Gangotri Textiles Ltd between 2015 and 2019. KG Denim Limited has a relatively higher level of combined leverage, which is seen as riskier, as the high leverage means more fixed costs to the firm. Whereas for Ambika Cotton Mills Limited, Bannari Amman Spinning Mills Ltd, Gangotri Textiles Limited and Lakshmi Mills Company Limited; the combined leverage % varies between 89.85% and 475.36%, thus it means that a smaller proportion of fixed operating and financial costs results in a lower value Combined Leverage ratio, which means lower incremental EPS on incremental sales and lower sensitivity to the slippage in sales.

Year	AMBIKA COTTON MILLS LTD	BANNARI AMMAN SPINNING MILLS LTD	GANGOTRI TEXTILES LTD	K G DENIM LTD	LAKSHMI MILLS COMPANY LTD
2015	0.16	1.49	-1.86	2.22	1.48
2016	0.06	1.53	-1.19	1.53	1.59
2017	0.02	1.75	0.00	0.93	0.16
2018	0.07	2.08	0.00	1.23	0.14
2019	0.19	2.00	-1.04	1.49	0.14
Mean	0.10	1.77	-0.82	1.48	0.70
Standard Error	0.03	0.12	0.36	0.21	0.34
Median	0.07	1.75	-1.04	1.49	0.16
Standard Deviation	0.07	0.27	0.81	0.48	0.76
Sample Variance	0.01	0.07	0.65	0.23	0.58
Range	0.17	0.59	1.86	1.29	1.45
Minimum	0.02	1.49	-1.86	0.93	0.14
Maximum	0.19	2.08	0.00	2.22	1.59
Sum	0.50	8.85	-4.09	7.40	3.51
Count	5.00	5.00	5.00	5.00	5.00
Confidence Level (95.0%)	0.09	0.33	1.00	0.59	0.95

Interpretation: The above Table 2 describes that the Mean Debt Equity Ratio of Bannari Amman Spinning Mills Ltd is 1.77 which is Maximum compared to Minimum of 0.10 for Ambika Cotton Mills Limited between 2015 and 2019. Bannari Amman Spinning Mills Ltd has higher debt to equity ratio between 2015 and 2019, which is considered riskier to both creditors and investors. A high debt-to-equity ratio also indicates that a company may not be able to generate enough cash to satisfy its debt obligations. Whereas for Ambika Cotton Mills Limited, Gangotri Textiles Limited, KG Denim Limited and Lakshmi Mills Company Limited; the debt to equity ratio varies between -0.82 and 1.48, thus it means that investors and creditors have an equal stake in the business assets.

Year	AMBIKA COTTON MILLS LTD	BANNARI AMMAN SPINNING MILLS LTD	GANGOTRI TEXTILES LTD	K G DENIM LTD	LAKSHMI MILLS COMPANY LTD
2015	1.72	1.18	0.73	1.06	3.83
2016	2.14	1.21	0.16	1.18	4.19
2017	2.17	2.06	0.00	1.23	1.34
2018	2.41	2.16	0.00	1.12	1.31
2019	6.13	2.34	0.01	1.25	1.22
Mean	2.91	1.79	0.18	1.17	2.38
Standard Error	0.81	0.25	0.14	0.04	0.67
Median	2.17	2.06	0.01	1.18	1.34
Standard Deviation	1.81	0.55	0.31	0.08	1.50
Sample Variance	3.29	0.31	0.10	0.01	2.24
Range	4.41	1.16	0.73	0.19	2.97
Minimum	1.72	1.18	0.00	1.06	1.22
Maximum	6.13	2.34	0.73	1.25	4.19
Sum	14.57	8.95	0.90	5.84	11.89
Count	5.00	5.00	5.00	5.00	5.00
Confidence Level (95.0%)	2.25	0.69	0.39	0.10	1.86

Interpretation: The above Table 3 describes that the Mean Current Ratio of Ambika Cotton Mills Limited is 2.91 which is maximum compared to minimum of 0.18 for Gangotri Textiles Limited between 2015 and 2019. Gangotri Textiles Limited has lower Current Ratio (0.18) between 2015 and 2019; this indicates that the company may have problems meeting its short-term obligations (Current Liabilities). Since the current ratio is less than 1.0 indicates the poor quality and the debt repayment capacity of the firm is not satisfactory. Also, it doesn't ensure the safety of the investments made by the creditors. Whereas for Bannari Amman Spinning Mills, Gangotri Textiles Limited, KG Denim Limited and Lakshmi Mills Company Limited; the Current Ratio varies between 0.18 and 2.38, thus it also indicates that the company may have problems meeting its short-term obligations and doesn't ensure the safety of the investments made by the creditors. The current ratio measures the company's ability to pay short-term and long-term obligations.

Year	AMBIKA COTTON MILLS LTD	BANNARI AMMAN SPINNING MILLS LTD	GANGOTRI TEXTILES LTD	K G DENIM LTD	LAKSHMI MILLS COMPANY LTD
2015	0.86	0.40	-1.17	0.31	0.40
2016	0.94	0.39	-5.31	0.40	0.39
2017	0.98	0.36	1.00	0.52	0.86
2018	0.94	0.33	1.00	0.45	0.88
2019	0.84	0.33	-24.15	0.40	0.88
Mean	0.91	0.36	-5.73	0.42	0.68
Standard Error	0.03	0.01	4.75	0.03	0.12
Median	0.94	0.36	-1.17	0.40	0.86
Standard Deviation	0.06	0.03	10.62	0.08	0.26
Sample Variance	0.00	0.00	112.71	0.01	0.07
Range	0.14	0.07	25.15	0.21	0.49
Minimum	0.84	0.33	-24.15	0.31	0.39
Maximum	0.98	0.40	1.00	0.52	0.88
Sum	4.56	1.81	-28.63	2.08	3.41
Count	5.00	5.00	5.00	5.00	5.00
Confidence Level (95.0%)	0.07	0.04	13.18	0.10	0.33

Interpretation: The above Table 4 describes that the Mean proprietary ratio of Ambika Cotton Mills Limited is 0.91 which is maximum compared to minimum of -5.73 for Gangotri Textiles Limited between 2015 and 2019. Ambika Cotton Mills Limited has higher proprietary ratio (0.91) between 2015 and 2019, it means stockholders has contributed 91% of the total tangible assets and the remaining 9% have been contributed by creditors. The proprietary ratio shows the contribution of stockholders' in total capital of the company. A high proprietary ratio, therefore, indicates a strong financial position of the company and greater security for creditors. Whereas for Bannari Amman Spinning Mills Ltd, Gangotri Textiles Limited, KG Denim Limited and Lakshmi Mills Company Limited; the proprietary ratio varies between -5.73 and 0.68, A low ratio indicates that the company is already heavily depending on debts for its operations. A large portion of debts in the total capital may reduce creditor's interest, increase interest expenses and the risk of bankruptcy. Having a very high proprietary ratio does not always mean that the company has an

ideal capital structure. A company with a very high proprietary ratio may not be taking full advantage of debt financing for its operations that is also not a good sign for the stockholders.

Year	AMBIKA COTTON MILLS LTD	BANNARI AMMAN SPINNING MILLS LTD	GANGOTRI TEXTILES LTD	K G DENIM LTD	LAKSHMI MILLS COMPANY LTD
2015	11.11	1.53	-0.57	1.07	1.28
2016	12.29	1.76	-2.03	2.09	1.14
2017	19.75	1.33	--	2.49	1.54
2018	17.14	1.13	--	1.38	1.31
2019	10.22	1.31	--	1.62	0.59
Mean	14.10	1.41	-0.52	1.73	1.17
Standard Error	1.85	0.11	0.39	0.25	0.16
Median	12.29	1.33	0.00	1.62	1.28
Standard Deviation	4.14	0.24	0.88	0.57	0.36
Sample Variance	17.11	0.06	0.77	0.32	0.13
Range	9.53	0.63	2.03	1.42	0.95
Minimum	10.22	1.13	-2.03	1.07	0.59
Maximum	19.75	1.76	0.00	2.49	1.54
Sum	70.51	7.06	-2.60	8.65	5.86
Count	5.00	5.00	5.00	5.00	5.00
Confidence Level (95.0%)	5.14	0.30	1.09	0.70	0.44

Interpretation: The above Table 5 describes that the Mean Interest Coverage ratio of Ambika Cotton Mills Limited is 14.10 which is maximum compared to minimum of -0.52 for Gangotri Textiles Limited between 2015 and 2019. Ambika Cotton Mills Limited has higher Interest Coverage ratio (14.10) between 2015 and 2019. Whereas for Bannari Amman Spinning Mills Ltd, Gangotri Textiles Limited, KG Denim Limited and Lakshmi Mills Company Limited; the Interest Coverage ratio varies between -0.52 and 1.73. Since Interest Coverage Measurement is above 1, it means that the company is making more than enough money to pay its interest obligations with some extra earnings left over to make the principle payments. Most creditors look for coverage to be at least 1.5 before they will make any loans. In other words, banks want to be sure a company make at least 1.5 times the amount of their current interest payments. The interest coverage ratio of a company states how easily a company can pay its interest expense on outstanding debt. A higher ratio is preferable.

Year	AMBIKA COTTON MILLS LTD	BANNARI AMMAN SPINNING MILLS LTD	GANGOTRI TEXTILES LTD	K G DENIM LTD	LAKSHMI MILLS COMPANY LTD
2015	0.10	0.02	-0.62	0.00	0.02
2016	0.09	0.02	-1.49	0.03	0.01
2017	0.11	0.01	-0.91	0.04	0.00
2018	0.10	0.01	0.91	0.01	0.01
2019	0.10	0.02	--	0.02	-0.03
Mean	0.10	0.02	-0.42	0.02	0.00
Standard Error	0.00	0.00	0.41	0.01	0.01
Median	0.10	0.02	-0.62	0.02	0.01
Standard Deviation	0.01	0.01	0.92	0.02	0.02
Sample Variance	0.00	0.00	0.84	0.00	0.00
Range	2.00	-3.33	-0.01	-1.20	2.61
Minimum	0.09	0.01	-1.49	0.00	-0.03
Maximum	0.11	0.02	0.91	0.04	0.02
Sum	0.50	0.08	-2.11	0.10	0.01
Count	5.00	5.00	5.00	5.00	5.00
Confidence Level (95.0%)	0.01	0.01	1.14	0.02	0.02

Interpretation: The above Table 6 describes that the Mean Net profit ratio of Ambika Cotton Mills Limited is 0.10 which is maximum compared to minimum of -0.42 for Gangotri Textiles Limited between 2015 and 2019. Ambika Cotton Mills Limited has higher Net profit ratio (0.10) between 2015 and 2019. Whereas for Bannari Amman Spinning Mills Ltd, Gangotri Textiles Limited, KG Denim Limited and Lakshmi Mills Company Limited; the Net profit ratio varies between -0.42 and 0.02. Net profit ratio (NP ratio) is a popular profitability ratio that shows relationship between net profit after tax and net sales. Net profit (NP) ratio is a useful tool to measure the overall profitability of the business. A high ratio indicates the efficient management

of the affairs of business. There is no norm to interpret this ratio. To see whether the business is constantly improving its profitability or not, the analyst should compare the ratio with the previous years' ratio, the industry's average and the budgeted net profit ratio. The use of net profit ratio in conjunction with the assets turnover ratio helps in ascertaining how profitably the assets have been used during the period.

Year	AMBIKA COTTON MILLS LTD	BANNARI AMMAN SPINNING MILLS LTD	GANGOTRI TEXTILES LTD	K G DENIM LTD	LAKSHMI MILLS COMPANY LTD
2015	0.10	0.43	0.24	0.30	0.59
2016	0.34	0.40	0.13	0.52	0.60
2017	0.56	0.72	0.00	0.52	0.51
2018	0.17	0.67	0.00	0.48	0.72
2019	0.69	0.98	0.01	0.52	0.63
Mean	0.37	0.64	0.08	0.47	0.61
Standard Error	0.11	0.11	0.05	0.04	0.03
Median	0.34	0.67	0.01	0.52	0.60
Standard Deviation	0.25	0.24	0.11	0.10	0.08
Sample Variance	0.06	0.06	0.01	0.01	0.01
Range	0.59	0.58	0.24	0.22	0.21
Minimum	0.10	0.40	0.00	0.30	0.51
Maximum	0.69	0.98	0.24	0.52	0.72
Sum	1.86	3.20	0.38	2.34	3.05
Count	5.00	5.00	5.00	5.00	5.00
Confidence Level (95.0%)	0.31	0.29	0.13	0.12	0.09

Interpretation: The above Table 7 describes that the Mean Quick ratio of Bannari Amman Spinning Mills Ltd is 0.64 which is maximum compared to minimum of 0.08 for Gangotri Textiles Limited between 2015 and 2019. Bannari Amman Spinning Mills Ltd has higher Quick ratio (0.64) between 2015 and 2019. Whereas for Ambika Cotton Mills Limited, Gangotri Textiles Limited, KG Denim Limited and Lakshmi Mills Company Limited; the Quick Ratio varies between 0.08 and 0.61. Quick ratio (also known as “acid test ratio” and “liquid ratio”) is used to test the ability of a business to pay its short-term debts. It measures the relationship between liquid assets and current liabilities. Liquid assets are equal to total current assets minus inventories and prepaid expenses. Quick ratio is more reliable test of short-term solvency than current ratio because it shows the ability of the business to pay short term debts immediately. Inventories and prepaid expenses are excluded from current assets for the purpose of computing quick ratio because inventories may take long period of time to be converted into cash and prepaid expenses cannot be used to pay current liabilities. Generally, a quick ratio of 1:1 is considered satisfactory. Like current ratio, this ratio should also be interpreted carefully. Having a quick ratio of 1:1 or higher does not mean that the company has a strong liquidity position because a company may have high quick ratio but slow paying debtors. On the other hand, a company with low quick ratio may have fast moving inventories. The analyst, therefore, must have a hard look on the nature of individual assets.

Year	AMBIKA COTTON MILLS LTD	BANNARI AMMAN SPINNING MILLS LTD	GANGOTRI TEXTILES LTD	K G DENIM LTD	LAKSHMI MILLS COMPANY LTD
2015	3.43	4.43	8.58	4.78	1.71
2016	3.96	3.93	100.12	6.05	1.46
2017	3.49	4.40	2.23	5.13	6.21
2018	2.44	3.23	--	4.42	7.51
2019	2.41	3.92	--	5.32	7.58
Mean	3.08	3.87	25.59	5.23	5.69
Standard Error	0.39	0.24	24.85	0.33	1.44
Median	2.97	3.93	1.12	5.23	6.86
Standard Deviation	0.77	0.48	49.70	0.67	2.89
Sample Variance	0.60	0.23	2470.04	0.45	8.35
Range	1.55	1.17	100.12	1.63	6.12
Minimum	2.41	3.23	0.00	4.42	1.46
Maximum	3.96	4.40	100.12	6.05	7.58
Sum	12.30	15.48	102.35	20.92	22.76
Count	4.00	4.00	4.00	4.00	4.00
Confidence Level (95.0%)	1.23	0.77	79.08	1.07	4.60

Interpretation: The above Table 8 describes that the Mean Inventory Turnover ratio of Lakshmi Mills Company Limited is 5.69 which is maximum compared to minimum of 3.08 for Ambika Cotton Mills Limited between 2015 and 2019. Lakshmi Mills Company Limited has higher Inventory Turnover ratio (5.69) between 2015 and 2019. Whereas for Ambika Cotton Mills Limited, Gangotri Textiles Limited, KG Denim Limited and Bannari Amman Spinning Mills Ltd; the Net profit ratio varies between 3.08 and 5.23. Inventory turnover ratio (ITR) is an activity ratio and is a tool to evaluate the liquidity of company's inventory. It measures how many times a company has sold and replaced its inventory during a certain period. Inventory turnover ratio varies significantly among industries. A high ratio indicates fast moving inventories and a low ratio, on the other hand, indicates slow moving or obsolete inventories in stock. A low ratio may also be the result of maintaining excessive inventories needlessly. Maintaining excessive inventories unnecessarily indicates poor inventory management because it involves tying up funds that could have been used in other business operations.

FINDINGS

Ambika Cotton Mills Limited (ACML) Financial Analysis:

- Net profit for the year inclined by 3.46% YoY (2018 & 2019).
- The company's current liabilities during FY19 stood at Rs 49.95 crore as compared to Rs 107.33 crore in FY18, thereby witnessing a decrease of 53.46%.
- Growth of 12.17% in total income (2019) as compared to 10.62% growth in the previous year (2018)
- Growth of 6.62% in Gross Profit (2019) as against growth of 6.98% in the previous year (2018).
- Current assets rise 18.52% and stood at Rs 306.26 crore.
- Overall, the total assets and liabilities for FY19 stood at Rs 6.13 billion as against Rs 5.65 billion during FY18, thereby witnessing a growth of 8.62%.
- The trailing twelve-month earnings per share (EPS) of the company stands at Rs 110.45 (2019), an incline from the EPS of Rs 106.67 recorded last year (2018).
- **Current Ratio:** The Company's current ratio improved and stood at 6.13 during FY19, from 2.41 during FY18.
- **Interest Coverage Ratio:** The Company's interest coverage ratio deteriorated and stood at 10.22x during FY19, from 17.14x during FY18. The interest coverage ratio of a company states how easily a company can pay its interest expense on outstanding debt. A higher ratio is preferable.

Bannari Amman Spinning Mills Limited Financial Analysis:

- Overall turnover of the company increased by 12.34% (2019) when compared with the previous year (2018).
- Net profit for the year inclined by 163.49% YoY (2018 & 2019).
- The company's current liabilities during FY19 stood at Rs 188.49 crore as compared to Rs 184.78 crore in FY18, thereby witnessing an increase of 2.01%.
- Current assets rise 10.30% and stood at Rs 440.62 crore.
- Overall, the total assets and liabilities for FY19 stood at Rs 11.14 billion as against Rs 10.85 billion during FY18, thereby witnessing a growth of 2.66%.
- The trailing twelve-month earnings per share (EPS) of the company stands at Rs 12.28 (2019), an incline from the EPS of Rs 4.66 recorded last year (2018).
- **Current Ratio:** The Company's current ratio improved and stood at 2.34 during FY19, from 2.16 during FY18.
- **Interest Coverage Ratio:** The Company's interest coverage ratio improved and stood at 1.31x during FY19, from 1.13x during FY18.

Gangotri Textiles Ltd Financial Analysis:

- Net profit for the year declined by 113.53% YoY (2018 & 2019).
- The company's current liabilities during FY19 stood at Rs 6.22 crore as compared to Rs 251.61 crore in FY18, thereby witnessing a decrease of 97.53%.
- Current assets fall 75% and stood at Rs 0.04 crore.
- Overall, the total assets and liabilities for FY19 stood at Rs 0.160 billion as against Rs 0.166 billion during FY18, thereby witnessing a decline (growth) of 3.79%.
- The trailing twelve-month earnings per share (EPS) of the company stand at Rs. 106.73 for both 2019 and 2018.
- **Current Ratio:** The Company's current ratio improved and stood at 0.01 during FY19, from 0.00 during FY18.
- **Interest Coverage Ratio:** The Company's interest coverage ratio during FY19 and FY18 can't be calculated as EBIT and EBT are same, hence Interest is zero. Therefore interest coverage ratio is infinity for FY19 and FY18 and due to no sales during FY19.

K G Denim Ltd Financial Analysis:

- Overall turnover with a growth of 9% (2019) when compared with the previous year (2018).
- Net profit for the year inclined by 88.34% YoY (2018 & 2019).
- The company's current liabilities during FY19 stood at Rs 179.48 crore as compared to Rs 223.11 crore in FY18, thereby witnessing a decrease of 19.56%.
- Current assets fall 10.70% and stood at Rs 223.96 crore.
- Overall, the total assets and liabilities for FY19 stood at Rs 4.637 billion as against Rs 4.64 billion during FY18, thereby witnessing a decline (growth) of 0.06%.
- The trailing twelve-month earnings per share (EPS) of the company stands at Rs 25.65 (2019), a decline from the EPS of Rs 25.67 recorded last year (2018).
- **Current Ratio:** The Company's current ratio improved and stood at 1.25 during FY19, from 1.12 during FY18.
- **Interest Coverage Ratio:** The Company's interest coverage ratio improved and stood at 1.62x during FY19, from 1.38x during FY18.

Lakshmi Mills Company Ltd Financial Analysis:

- Revenue during FY2019 was 24,770 lakhs and it sustained a Net Loss of 415 lakhs before deferred tax of 378 lakhs.
- Net profit for the year declined by 658.45% YoY (2018 & 2019).

- The company's current liabilities during FY19 stood at Rs 56.12 crore as compared to Rs 52.72 crore in FY18, thereby witnessing an increase of 6.45%.
- Current assets fall 1.43% and stood at Rs 68.3 crore.
- Overall, the total assets and liabilities for FY19 stood at Rs 5.61 billion as against Rs 6.12 billion during FY18, thereby witnessing a decline (growth) of 8.34%.
- The trailing twelve-month earnings per share (EPS) of the company stands at Rs -114.03 (2019), a decline from the EPS of Rs 20.46 recorded last year (2018).
- **Current Ratio:** The Company's current ratio deteriorated and stood at 1.22 during FY19, from 1.31 during FY18.
- **Interest Coverage Ratio:** The Company's interest coverage ratio deteriorated and stood at 0.59x during FY19, from 1.31x during FY18.

CONCLUSION

- Textile industry to grow at a rate of 8.7% between 2007 and 2023 and reach US\$ 226 billion by 2023. Indian Textile industry contributes 7% of industrial output in terms of value, 2% of India's GDP and 15% of country's export earnings.
- Textiles industry has made a major contribution to the national economy in terms of net foreign exchange earnings and contribution to the GDP.
- The new textile policy implemented by Government of India, aims to achieve US\$ 300 billion worth of textile exports by 2024-25 and create an additional 35 million jobs and by 2022, the Indian textile sector requires additional 17 million work forces.
- Ambika Cotton Mills Limited (ACML), Financial Performance improved largely on account of broad basing the products and continued improvisation of the production process. It continued its emphasis on its core strength of making specialty yarn made up of superior cotton, offering products to the specific needs of the customers and also coupled with product innovation. Overall their policy orientation has contributed to the sustained financial performance of the company.
- Bannari Amman Spinning Mills Limited, performance was satisfactory during FY2019 and the overall performance of the Company looks positive.
- Gangotri Textiles Ltd could not do any business during the FY2019, since it has sold the entire assets of the company for the non-payment of loan. Thus effecting the manufacturing operation for the entire FY2019. Also led to selling of all the units.
- K G Denim Ltd has three main product segments viz., Fabric (Denim / Apparel), Home Textiles and Apparel. It bagged Golden Trophy awarded by Texprocil for its export performance. The Net Profit had increased considerably due to increase in export volumes and favourable exchange rates.
- Lakshmi Mills Company Ltd, primary focus is to minimize potential adverse effects on its financial performance. It sustained a Net Loss of 415 lakhs (2019) before deferred tax of 378 lakhs, when compared with the previous year (2018).
- The present study on "Financial Performance Analysis of Textile Industry in Tamilnadu with Reference To Coimbatore" using the ratios and leverage helps to have a better insight about the financial background and financial performance of the company.
- From the analysis it was found that the overall financial performance of the company was moderate, this was due to steep rise in raw material costs and largely driven by demand and supply conditions as also directly proportional to automobile sales to some extent.
- Net profit was in a declining trend for all the selected Textile companies.

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