Analysis of Financial Health of Selected Firms in Textile Industry

By

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(16PCO003)

Under the guidance of

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Thesis submitted to

Avinashilingam Institute for Home Science and Higher Education For Women

Coimbatore-641043

In partial fulfillment of the requirement for the award of the degree of

Master of Commerce

April 2018

Avinashilingam University for Home Science and Higher Education for Women

Department of Commerce

Certificate

This to certify that the Project entitled,

"Analysis of Financial Health of Selected Firms in Textile Industry" is a bonafide work

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Viva Voce Examination held on _____

Signature of the Supervisor 10/4/18

Signature of the External Examiner

DECLARATION

I hereby declare that the project work entitled **"Analysis Of Financial Health Of Selected Firms In Textile Industry"** is submitted in partial fulfillment of the requirements for the award of the degree of Master of Commerce, under the supervision and guidance of **Dr. (Mrs.)P. Deivanai, M.Com., M.Phil., M.B.A., SLET, Ph.D.,** Assistant Professor, Department of Commerce, Avinashilingam Institute for Home Science and Higher Education for Women, Coimbatore-641043.

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ACKNOWLEDGEMENT

Every work on its backdrop has the blessing of Lord Almighty. Therefore, I submit my reverential gratitude on the feet of the Lord Almighty. I deem it a great pleasure to thank all those rendered their help during the course of this study.

I am grateful to **Dr. P.R. Krishnakumar,** Chancellor, Avinashilingam Institute for Home Science and Higher Education for Women, Coimbatore for providing all facilities necessary for the study.

My special word of gratitude to **Dr. Premavathy Vijayan,** M.Sc., M.Ed., Dip.Spl.Edn., M.Phil., Ph.D., **Vice Chancellor,** Avinashilingam Institute for Home Science and Higher Education for Women, Coimbatore for providing the opportunity and exposure to the world of knowledge.

My special thanks to **Dr. S. Kowsalya,** M.Sc., M.Phil., Ph.D., **Registrar**, for administrative support and for providing adequate help required to carry out the work.

My sincere thanks to **Dr. (Mrs) U. Jerinabi,** M.Com, Dip.Ed, M.Phil., Ph.D., **Dean, Faculty of Business Administration**, for giving necessary help and support for completing the project successfully.

My sincere thanks to **Dr. (Mrs) G.Santhiyavalli,** M.Com., Dip.Ed., M.Phil., Ph.D., **Professor and Head of the Department**, Department of Commerce, for her motivation and untiring support for the successful completion of the project.

My heartfelt gratitude and sincere thanks to **(Mrs.)P. Deivanai,** M.Com., M.Phil., M.B.A., SLET, Ph.D., Department of Commerce for her guidance and patient help, affectionate support, expert suggestions and motivation throughout the project.

I am thankful to all **Staff Members** of the Department of Commerce who rendered their help whenever required. The researcher owes heartfelt thanks and gratitude to the **Librarian** of Avinashilingam Institute for Home Science and Higher Education for Women, Coimbatore providing library facilities. I owe my special thanks to my beloved **Parents,** all my family members, Friends, Well-wishers, who helped me by providing full strength, support and encouragement to complete the project successfully.

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ABSTRACT

In today's financial world, assessing the financial performance is crucial for taking financial decisions related to planning and control. Hence, the financial performance gains the basic importance for taking financial decisions effectively. Industries play a significant role in economic development of a country. Finance is regarded as the lifeblood of the business enterprises. Finance includes a high rate of risk and profitability. The analysis of the financial performance reveals the status of the company and the economy. The textile industries today are leading players in growth of manufacturing sector and are deeply engaged in industrial development. The research study is aimed to analyze and compare the financial performance of Lakshmi Mill, Bannari Amman Spinning Mill, Sri Ramakrishna Mill, KPR Mill and Super Spinning Mill companies are the five major leading textile companies. The analysis of financial performance reflects the financial position of the company. This research study focus on the financial performance of the companies analyzing the liquidity, profitability, solvency, mean, standard deviation, coefficient of variance and estimation of financial health (Z-Score analysis). The findings of the research study will help the textile industries to improve their financial performance. The financial health will be better and industry will contribute well for the development of the economy.

CHAPTER 1

Introduction

Finance is regarded as the lifeblood of the business enterprises. Finance includes a high rate of risk and profitability.

The analysis of the financial performance reveals the status of the company and the economy. Therefore the financial performance by the company plays a vital role in the future development of the company. Management should particularly know financial strengths of the firms to make their best use and to enable to find out financial weakness of the firm to take suitable corrective action. Thus the study on financial performance of the company is starting point for making plans. Understanding the past is the perquisite for anticipating the future. Financial performance analysis refers to the process of determining financial strength and weakness of the firm by establishing strategic relationship between the items of the balance sheet, profit and loss account and other operative data. Financial analysis diagnoses the information contained in financial statement so as to judge profitability and financial soundness of the firm. A financial analyst analyses the financial statement with various tools of analysis before commenting upon the financial health or weakness of an enterprise. Financial performance refers to the act of performing financial activity. It is used to measure firms overall financial health over a given period of time and can also be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. The Indian textile industry is in the process of responding to the changes in the global economy, and have exploited their strengths in order build up an international present in stages. Today, India is the second largest producer of textiles in the world, next to china. However, considering that the Indian textile industry is one of the largest and oldest, and the availability of inexpensive skilled workers and technicians along with the availability of cotton in the country, it has been doing well in the recent past. In the world textile market countries like japan, South Korea are becoming high cost economics. Therefore, it is expected that India could move into positions occupied by these countries due to its strength mentioned above. Indian textile industry can do much better with the government policy backing the strategy of the Indian textile industry.

In order to contribute substantially for the growth of the Indian textile industry, it is necessary that Indian exploits its strengths i.e. availability of inexpensive skilled workers, availability of raw cotton, both short and long staple. The recent liberalization of the Indian government has helped in giving boost, but it is not good enough to keep the Indian textile industry competitive in the world market.

Thus the term ‘financial statement’ generally refers to two basic statements:

- The balance sheet and
- The income statement

The balance sheet shows the financial position (condition) of the firm at a given point of a time. It provides a snapshot and may be regarded as a static picture. “Balance sheet is a summary of a firms financial position on a given date that Show that

Assets = Total Liability + owners’ equity

The income statement (referred to in India as the profit and loss statement) reflects the performance of the firm over a period of time. However, financial statements do not reveal all the information related to the financial operation of a firm, but they furnish some extremely useful information, which highlights two important factors profitability and financial soundness. Thus analysis of financial statement is an important aid to financial performance analysis. Financial performance analysis includes analysis and interpretation of financial statement in such a way that it undertakes full diagnosis of the profitability and financial soundness of the business

Because of its fundamental strengths there are a number of opportunities that are likely to be available to the Indian textile industry, which to be exploited to its fullest extent India’s textile industry has a pivotal role to play in the national economy, and given proper encouragement, drastic steps and bold innovations of policy, through disciplinary measures by the government and industry to take advantage of the global opportunities by increasing the exports of textiles from India by implementation several suggestions mentioned below into meaningful policies. In order to exploit the world market and become a major player, the following measures need to be taken by the government:

1) A ban on the exports of cotton, with a mechanism to ensure reasonable prices to the farmers, to be worked out.
2) Duty free imports of capital goods with export commitment on the same level as EQU’s should be made available to the Indian textile exporting community
3) Interest rate on reshipment packing credit to be brought to the level ruling in the international markets such as 10%.
4) Removal of SSI regulation on garment industry.
5) To bring ginning industry under the purview of the textile ministry, instead of agriculture ministry as it is today.

In the above measures are implemented in the opinion of the Indian textile industry the following projections can be achieved:

- The international cotton yarn trade besides being of considerable magnitude has already been registering improved growth in the recent year. Over a period of 9 years from 1981-90 it has gone up from 7,07,650 MT to 15,60,000 MT. in short the global exports of cotton yarn in the last 10 years have doubled over at the moderate growth rate 8% per annum.
- Exports of cotton yarn from india can be expected to cross 25,00,000 MT by end of 1997. 32,00,000 MT in the year 2000. The major importing counters of cotton yarn were Hong Kong, japan, Germany, Benelux and U.K. in the 1980's.
- India's share in the global exports of cotton yarn used to be very insignificant. Until the second half of 1980 the country was faced with unstable and deficient domestic cotton yarn exports in a big way. Another reason was that the spinning industry had not equipped itself fully to overcome the technological barriers for producing yarn to the quality specification of the sophisticated international markets.
- Fortunately, over the years these handicaps have been gradually overcome. In the case of yarn quality, considerable improvement has been made in its up gradation so much so that the quality of yarn produced by quit a number of mills is comparable to some of the best in the world, and has found acceptance even in the sophisticated world markets. It is worth noting the India's share in the world trade of cotton yarn till the year 1987 was very negligible at around 1%.

- During 1987 the exports of cotton yarn reached a peak and amounted to 86 million kgs with a global share of 5.9% there was a setback in the following year, but lost ground was retrieved and 101 million kgs exported in 1991. Even then our share in the world exports of cotton yarn was measure 7-8%

The statistics available on cotton yarn exports revealed the directional pattern of increased exports of cotton yarn from india to non-quota countries. This strength of increased exports to Non-Quota countries is likely to continue in the coming years. It is significant to note that the far eastern countries have been emerging as major importers of cotton yarn. Raw cotton constituted 65% of the cost of production of cotton yarn. Therefore, the factor affecting the availability of cotton have direct and substantial effect on the supply and prices of yarn. The textile policy and the government has recognized the need to make available raw cotton to the

mills in adequate quantity at reasonable prices, but the releases of raw cotton for exports have resulted in flaring up of cotton prices. The area under cotton cultivation in the country is not likely to expand in the coming years due to the continuing food requirements of a growing population. In view of this, the cotton to achieve price stability of yarn and retain competitiveness.

The country has indeed vast potential for further stepping up of exports of cotton yarn. With regard to the competition from other countries, the real threat to India is from its two closest neighbors viz., Pakistan and china. These countries are infact emerging as 'Cotton Powers'. With a tremendous growth in cotton production and the huge investments these countries are making in the spinning industry, they are bound to strengthen their challenge.

One advantage that india has over pakistan and china s the wide range of varieties available in india from short to extra long staple types. In fact India is a leading producer of extra long staple types in the world. The time has come to change the approach and to include in the planning process specific targets for exports of yarn and taking special efforts to achieve the targeted figure. For instance, 250 million kgs would be a feasible target for exports in 5 years from now which would fetch a tidy sum 0f Rs. 3750 crores in foreign exchange.

In man-made textiles export there has been an erratic growth in the last 5 years and therefore, past performance is not a suitable guide to work out the suitable rate of growth for the future. The reason for such erratic exports include government policy, expansion of production base, etc. considering the past performance of the existing government policies and perspective for future, the growth rate of 20% seems to be a reasonably attainable target.

The following factors would help in attaining the growth rate of 20% of exports from india:

1) Large scale increase in production of fibre, yarn and fabrics have shown sufficient export surplus.
2) Developed countries have shut down many production lines due to exorbitant costs.
3) Developed countries are withdrawing from low and medium lines items as it is uneconomical.
4) The trend of shifting to readymade garments than those tailor-made leading to a quick change of garments and fashions, in turn resulting in higher per capita income of fabrics
5) With the rise in the standard of living, the consumer is paying more attention to household textiles.

6) Production of industries fabrics being imported from developing countries.

Considering the above factors Indian's exporting companies may be able to achieve the above target provided the Indian companies meet the exports target and has competitive prices.

Inclusion of synthetic fibre and yarn in the list of sensitive items has led to the following disadvantages:

A) Exporters of Synthetic Textiles are denied the facility of granting of value Based Advance Licence under Duty Exemption Scheme.

B) Any facility sought to be given to promote exports trade if granted for Synthetic Textiles is given with a restriction.

C) The tendency of the authorities to look at any proposal of synthetic textile with prejudice.

D) In order to exploit the export potential of Synthetic Textiles, Synthetic Textile industry by stipulating realistic value addition norms.

E) The Government to grant Value-based Advance License Facility to Synthetic Textile industry by stipulating realistic value addition norms.

F) As against the existing EPCG scheme for unregistered export oriented units granted of duty free imports of duty free imports of capital goods should be made available.

G) For effective utilization of Advances Intermediate License Scheme, the Excise rule should be simplified and aligned with the existing EXIM policy. The industry should also be exempted from levy of excise duty of multi staged raw material.

H) Government should make a very powerful infrastructure and information backup on world trade for exporters to have access without difficulty.

Readymade garment exports at Rs. 6282 crores in 1991-92 is the second highest product category in India's Export basket, after Gems and Jewellary. In a huge and growing market worldwide, there is scope for significance growth, inspite of Quota restriction in the west for this category of exports under the multi fibre agreement.

The major competitors in this segment of the market are developed countries, Asian tigers like Korea, Taiwan, Hong Kong, Singapore, developing countries like Indonesia. Thailand and Malaysia and poor countries like Bangladesh and Myanmar and

last but not least China. Developed countries are in the process of phasing out due to higher cost considerations.

Therefore, the major readymade garment manufacturers would be from developing countries and fast growing Asian countries. To increasing the garment exports the following need to be implemented:

1) In order to bring in quality into garment exports, it is essential that the SSI restrictions of Garments industry are removed. While there are no SSI restrictions for exports, it is necessary to attract foreign investors into projects that include local marketing and exports.

2) Joint Venture with majority foreign shareholding as well as Technical Collaborations should be allowed under simplified automatic approval procedures. For this purpose Garments should be included in Annexure III of the New Industrial Policy. Unfortunately, as the readymade garments are in SSI Sectors, equity participation of the foreign partner is limited to the extent of 24%.

3) Labour laws and their interpretation need to be liberalized to allow entrepreneurs to get over their fear of employing large number of workers under one roof.

4) A research, development and training institute focused on post garment processing like washing, dyeing, etc. would fill a very major gap.

5) Indian Government need to negotiable higher Quotas from USA/EEC in line with its sizes and capabilities. This is possible if we can offer access to our selected markets in return.

6)Streamlining Internal Quota Administration and freezing minimum export prices is crucial for the future of the Readymade Garments Exports industry.

We recommend the following changes on Quota system:

- It is suggested that only one Quota type to be introduced entirely based on past production, which should be freely transferable.
- It is recommended that there should be only one period, and this should be January-December. Further, all quotas to be released by 10th January of every year, and not delayed to February-March.
- In the area of shipping documents it is recommended that we do away with the system of AEPC endorsement and instead have a passbook of each Quota category issued at the beginning of every year with the total entitlement.
- Exports of Cotton Textiles in 1991-92 increased by 55.8% in terms of Indian Rupees and 12.5% in terms of US Dollars as against the previous year. Exports increased as

much as 17% as against the target of Rs. 4618 crores or US $ 1670 million set for the current year, exports during the year April-September 1992 accounted for 49% of the target.

It is expected that the exports would touch a level of US $3318 million by the end of 1996-97 with an annual growth rate of 20%. It should be possible to increase our export performance by the end of the five year period commencing from 1992-93 provided certain measures are taken up with real earnestness:

1) The quality of cotton supplied to the textile mills should be improved considerably by modernizing the Ginning factories.
2) In order to keep up with the International Tech-nology in Spinning and Weaving sector it is essential to allow duty free imports of machinery.
3) The cost of financing such duty free imports should be reduced to match the international interest rates of 11.5% as was prevalent earlier when the IDBII was operating Soft Loan Scheme for the modernization purpose.
4) The benefits of imports of items included in the negative lst currently granted to exporters of ACU countries, deemed exports, Export/Trading/Star Trading houses should be extended to other exporters also.
5) In order to encourage value added items, processed fabrics and made-up items, the exporters should be allowed to import dyes and chemicals which are in the negative list allowed to the extent of 5%.
6) The interest rate of pre and post shipment credit, which is currently at 13.5% shold be brought in line with the international average rate of around 6%.

COMPANY PROFILE AND OVERVIEW

(i) Lakshmi Mills Company Limited

Lakshmi Mills Company is a major textile yarn and cloth manufacturer in Coimbatore, India. The company was established by G.Kuppuswamy Naidu in 1910.

It has two composite textile units in Coimbatore: Avinashi Road and Palladamand one in Kovilpatti. The promoters of the mill were also instrumental in starting various textile machinery companies notably LMW and medical and educational institutions. The unit in Coimbatore in Papanaickenpalayam is also a well-known famous landmark of the city

History

Lakshmi Mills main gate facing Avinashi Road in Coimbatore

The founder G. Kuppuswami Naidu born in Papanaickenpalayam, Coimbatore was into cotton ginning and trading. Lakshmi Mills was incorporated in 1910 as a composite textile mill to produce cotton yarn and fabric cloth under 'Lakshmi Mills' label in Avinashi Road. In mid-1940s second unit was started Kovilpatti, Tamil Nadu and in mid-1960s Palladam unit commenced operations. In 1977, Coimbatore Cotton Mills, established in 1930s as a composite textile unit Singanallur was merged into Lakshmi Mills. This unit was under Lakshmi Mills management since 1950s. By 1960s staple fibre production was added to the product line. The company had showrooms in prominent cities and town in South India to sell suiting, shirts, sarees and other textile products

Group Expansion

Lakshmi Mills was also instrumental in the groups expansion into textile machinery companies like LMW, Lakshmi Automatic Looms, Lakshmi Card Clothing, Lakshmi Ring Travellers. The management along with R.Venkataswamy family set up the viscose staple yarn production unit South India Viscose with technology license from SNIA Viscosa of Milan, Italy.

Lakshmi Mills manufactures 100% combed cotton yarns in NE 50s to NE 120s, polyester cotton blended yarns in NE 40s to NE 100s. In addition, the Company manufactures 100% lenzing micro modal/modal/tencel yarns, micro modal/modal cotton blended yarns, 100% micro tencel yarn, tencel/cotton blended yarn.

Notable Director:

Notable directors and founding family members include S.Karivardhan, a then Indian motorsport personality and founder's managing director, G. K. Devarajulu, then Managing Director and founder of LMW, G. K. Sundaram, a freedom fighter.

The group companies The Companywas also instrumental in promoting various sports notably Cricket, Hockey, Motorsports and Horse racing.

Lakshmi Mills Company was established in the year 1910 by the visionary and pioneer late G. Kuppuswamy Naidu. The history of Lakshmi Mills is in many ways the history of the textile industry in Coimbatore.

For close to a century Lakshmi Mills has contributed to the development of the industry by promoting self-reliance, research, import substitution, exports and technology. The company has also demonstrated its staying power by ensuring quality and customer satisfaction as the prime objectives. In fact, as a pioneer, Lakshmi Mills today is looked upon with respect and reverence as a company that paved the way for the rest to follow.

The company celebrated its golden jubilee, diamond jubilee and platinum jubilee and is now gearing up for the centenary celebration by 2010.The annual turnover of the company is around Rs. 100 crores.

Subsidiaries:

The Lakshmi Mills Company Limited has under its wing diverse concerns that have made their mark in various fields – education, synthetic machinery and support systems. The companies have contributed in a large measure to the industry and to society.

Lakshmi Automatic Loom Works Limited – Lakshmi Automatic Loom Works Limited (LAL) is the result of collaboration between Ruti and Sulzer Brothers of Switzerland and Lakshmi Mills. The company is an ambitious Rs. 90–million project and produces upward of 5000 automatic looms annually.

Educational Institutions – The Lakshmi Mills Group, in conjunction with the Kuppuswamy Naidu Charity Trust for Education and Medical Relief, has various educational institutions under its banner. They are spread across various locations and cover the gamut of the educational spectrum.

Product range of the company includes:

- **Yarns–** The company manufactures 100% combed cotton yarn from NE 40s to NE 120s, polyester cotton blended yarn from NE 40s to NE 80s as well as open end yarn of 10s. Besides, the company manufactures 100% micro modal yarn, micro modal/cotton blended yarn, 100% micro tencel yarn, tencel/cotton blended yarn in counts NE 40s to 100s and X–Static yarns in counts NE 20s to 40s.
- **Fabrics –** The company manufactures 100% cotton, polyester/cotton, 100% micro modal / micro modal/cotton, 100% polyester and polyester viscose fabrics in 245 looms installed in its Coimbatore Unit.
- **Garments–** Tyche Life is an exciting, new casual wear brand for men, women and children, made from super–soft Modal from Lenzing, Austria. Tyche Life brings international styling, bright colours and exotic prints. The emphasis is on comfortable fashion, with an uncompromising commitment to quality.

(ii) Bannari Amman Spinning Mill Limited

Bannari Amman Spinning Mills Limited, established in 1995 has a capacity of more than 140,000 spindles. The mill has a complete range of state of the art spinning equipment including Lakshmi Rieter Spinning machinery from Blow Room to Spinning departments, Schlarfhorst-338 model autoconers for yarn production. The latest generation of Blow Room

lines connected to the cards with Chute Feed System, Auto Levelers Draw Frames and Spinning Frames with Ring Data System, Blow Room, Cards and Combers fitted with automatic waste collection systems are available.

Bannari Amman spinning mills has two spinning mills near Dindigul, the first one was established in 1995 with a capacity around 29000 spindles and second spinning mill in 2007 with an installed capacity of 108000 spindles. Both the mills are equipped with the latest generation spinning machinery from LMW Coimbatore, Reiter Switzerland, Autoconers from Scharnhorst Germany TFO from Volkman Muratae. The mills are also equipped with complete range of testing equipments from Uster Switzerland to test raw cotton and yarn. For production of high grade weaving knitting yarn. The product range includes Ne 16/1 to Ne 60/1 carded combed knitting yarn and Ne 40/1 to Ne 100/1 combed weaving compact yarn. The Weaving Division with a Capacity of 135 looms, produced 42.98 Lakh Metres of Fabric during 2008-09. Processing and Technical Textiles with a capacity of 24 Lakh Metres Per annum, produced 11.52 Lakh Metres of Coated Fabric and 5.83 Lakh Metres of Breathable Water Proof Fabric. The Wind Mill Division of the company has 27 Windmills with a capacity to produce 23.40 MW of Wind Power.

Bannari Amman Spinning Mills Ltd, a part of Coimbatore based Bannari Amman Group, is engaged in manufacture of cotton yarn, woven and coated fabrics. The company is also engaged in wind power generation. They are having two spinning units near Dindigul, Tamilnadu with installed capacity of 1,37,232 spindles, Weaving Division near Palladam, Tamilnadu with installed capacity of 135 Looms, and Processing & Technical Textiles near Annur, Tamilnadu with capacity to produce 24 lakh metres of coated fabric per year. The company has 4 windmills of 1250 KVA each totaling 5 MW in RadhapuramTaluk, Tirunelveli District, Tamilnadu. The total installed capacity of windmills is 23.40 MW. The whole of the power generated is captively consumed by the spinning units. The company's product range includes Ne 20/1, Ne 24/1, Ne 34/1 & Ne 40/1 combed and carded knitting cotton yarn and caters to Tiruppur, Calcutta & Kanpur markets. The mill exports 25% of the production to Israel, Mauritius, Egypt, Taiwan and South Korea. The spinning Mill has a manufacturer unit for bed linen, Mattress protector, Pillow protector and more products.

Bannari Amman Spinning Mills Ltd was incorporated on July 10, 1989 with the name Shiva Textiles (CBT) Ltd. In September 14, 1986, the company commenced their commercial operations. In October 11, 1991, the name of the company was changed from Shiva Textiles (CBT) Ltd to Bannari Amman Spinning Mills Ltd. In January 1997, the company received

their first export order. In October 2001, the company received ISO 9001:2000 certificate of Recognition as an Export House by the Joint Director General of Foreign Trade. In December 2004, the company set up their weaving division with an installed capacity of 28 looms. Also, they invested in captive power generation to meet their internal power requirements. During the year 2005-06, the company came out with a maiden public issue of 70,03,019 equity shares of Rs.10 each at a price of Rs.135 for cash at a premium aggregating to Rs.94.50 crore. The company shares were listed on the Bombay Stock Exchange and National Stock Exchange. During the year 2006-07, the company along with their associates, Shiva Texyarn Ltd entered into a joint venture agreement with Jacob Apparel Ltd and formed a new company, namely Bannari Amman Apparel Pvt Ltd to implement apparel project pursuant to the joint venture agreement. During the year 2007-08, the company completed the expansion project of an installed capacity of 108,000 spindles in the spinning division. They installed a coating unit with a capacity to produce 200,000 metres of a coated fabric per month. They also installed a state of the art reactive polyurethane lamination system and is producing breathable-waterproof fabrics used in a variety of applications. They launched a retail product called 'Quick Dry' for adult and child incontinence in domestic market. During the year 2008-09, the company increased the production capacity of Wind Energy from 16200 KW to 23400 KW. The company installed 9 Windmills each of 800 KW capacitytotalling 7.20 MW capacities near Pushpathur, Dindigul District, and Tamilnadu. The company is installing 2 Nos of Enercon make windmills with a capacity of 800 KW each, aggregating 1.60 MW near Chinnapudur, DharapuramTaluk and 3 Nos of Vestas make windmills with capacity of 1650 KW aggregating 4.95 MW in Konanagaram, UdumalpetTaluk, Tiruppur District, in order to meet the increased power requirements of Spinning Divisions.

Product range:

- **Quick Dry -** A bed protector for beds wherever babies and the elderly sleep. ie., waterproof, breathable, absorbent, soft, reusable, anti-allergic, durable & more...
- Allied Products
- **Reusable -** Adult and baby diapers, Breathable & waterproofed, with biodegradable single use pads
- **Flock blankets** Fluffiest, lightest, softest & warmest, blankets in the world, only manufacturer in SE Asia. Combed & Carded ring spun yarn from 6/s to 40/s count, hosiery yarn

Divisions

- Spinning Division is capable of producing more than 60 tonnes / day of Combed & Carded ring spun yarn from 6/s to 40/s count. Mainly hosiery yarn for knitting market.
- Weaving Division - One of the quality Fabric producing facility in India having the capability to produce all kinds of woven fabrics in 100% cotton, in various thread counts (TC) ranging from 500 TC to 1000 TC, in wider width up to 140 inches, with warp counts up to 90s Ne, with 250 threads in 1 inches and weft counts up to 120s Ne, with 2, 4 and 8 pick insertions.
- Wind Mill Division

(iii) Sri Ramakrishna Mill Limited

This report extracts all available information about Sri Ramakrishna Mills Coimbatore Ltd. from EMIS' database of company information. The Table of Contents on the right indicates the categories of information that will be included in your report upon purchase.

sri Ramakrishna Mills (Coimbatore) Ltd was incorporated as public limited company. The company is mainly into the manufacturing of cotton yarn and synthetic staple fibre and promoted by L Nagaswarna, R Doraiswami, D Ranganayakiammal, L Swathy, L Suhasini, Swathy Processors Ltd and Suhasini Spinners Ltd.
1951 -The company started commercial operation at the Ganapathy unit in Tamil Nadu.
1984 -The company started its second unit at Nagari, Andhra Pradesh and third unit at Sathyamangalam, Tamil Nadu.
2008-The Company has entered into a Joint Development Agreement with M/s. ArihantGriha Ltd, Chennai for the development of its property at its Ganapathy Unit into residential / commercial / mall complex.
-Sri Ramakrishna has designated E-mail ID for Investors Complaints: scysrmc@gmail.com.
2015 -Sri Ramakrishna Mills has entered into an agreement with a real estate developer to commence the real estate operations during the year.

Incorporated in 1946, Sri Ramakrishna Mills (SRM) is engaged in the manufacturing and selling of ring and open-end cotton yarn. R Doraiswami is the chairman of the company. Its spinning mills, located in Coimbatore (Tamilnadu), Nagari (Andhra Pradesh) and

Sathyamangalam (Tamilnadu) have a combined installed capacity of 75,944 ring spindles and 912 rotors. In 1994-95, the company reduced 3080 spindles at one of its units as they had become obsolete. It has added nine automatic winding machines at various units. SRM is a member of the South India Textile Research Association (SITRA). The company continued its modernisation and renovation programmes to improve the quality and productivity. The textile industry as a whole has been pushed to a tight corner on account of the unprecedented rise in the cost of cotton and increase in the cost of other inputs. But on the export front, the company kept the growth rate alive. The company made a reference to BIFR due to erosion of networth. It has also taken up a Corporate Debt Restructuring Proposal with sundry creditors-IDBI and the same was approved in their meeting on September,2003.

(iv) KPR Mill Limited

KPR Cotton Mills Private Limited, now known as KPR Mill Limited, was originally incorporated on March 19, 2003. It journey into textiles began in the year 1984, In 1989, the group ventured into garment exports. Today KPR is a leading garment exporter as well as a largest vertically integrated apparel company, engaged in manufacturing and marketing readymade knitted garments, knitted fabrics and cotton yarn.

In order to rationalize operations and better leverage capacities, KPR Cotton Mills Private Limited purchased KPR Knits, a proprietorship concern as a going concern with effect from April 1, 2005.

KPR Mill Private Limited and KPR Spinning Mill Private Limited were consolidated into KPR Cotton Mills Private Limited through a merger process as approved by the High Court of Madras on August 19, 2006, to take effect from April 1, 2005. Consequent to the merger, the company name was changed from KPR Cotton Mills Private Limited to KPR Mills Limited.

KPR Mills has a cumulative capacity of 2,12,064 spindles to produce 54,000 MT of yarn per annum; 185 circular knitting machines to produce 19,000 MT of fabrics per annum; garmenting facility to produce 63 million pieces of readymade knitted apparel per annum(operating double shift) and 'State of Art' processing facility to process 23 MT per day; 40 Wind mills with total power generation capacity of 40MW.

The company has installed sophisticated machinery imported from Germany, Japan, US, Italy, Taiwan, Switzerland and many other European countries to ensure faster and efficient production, reduction of costs, optimum equipment utilization and reduced manpower.

KPR has high capacity storage facilities, modern scanning and quality assurance equipment to identify and remove impurities and contamination in cotton, air–handling equipment to protect

and improve the quality of yarn and fabric and self-supporting power generation capabilities. The company uses high–tech quality control requirement such as Uster Tester–4, Uster HVI Spectrum, Uster AFIS Pro, ZweigleHairness Tester–G566, UsterClassimat Quantum.

Different working divisions of the company

Spinning

The company has 3 spinning mills with a combined capacity of 1,11,264 spindles which accounts for its enhanced yarn production. The spinning mills are involved in the production of approximately 77 MT cotton yarn with counts ranging from 16s to 34s.

Garment

The garment division has modernized machines to ensure bulk production of garments like T–shirts, polo shirts, night shirts, pyjamas, leggings, shorts and two piece sets. The garments are manufactured out of different fabrics like 100% cotton, cotton lycra, cotton viscose, yarn dyed stripes and prints. The garment unit has fully automatic storage system from Godrej, Gerber cutter from USA, PFAFF and Peagasus machines and Siemens boiler from Australia.

Printing

Printing and embroidery needs are met in–house with the imported machinery available. The presence of these machines makes the unit a truly versatile designs and embroidery outfit.

Processing

To provide end to end apparel manufacturing service, the company is constructing a new fabric processing facility at SIPCOT, Perundurai. This facility helps the company to handle all of its processing requirements, including dyeing, bleaching and compacting at one place. The processing capacity of this unit will be 23 metric tons of fabric per day.

Quantum Knit

Quantum is the exclusive knitted garment manufacturing unit, knitting fashion trends for Men, Women and Children across the world. Among the largest garment manufacturing facilities in India, Quantum has a capacity of 50 million pieces per annum achieved by operating double shift.

Business area of the company

KPR is a vertically integrated apparel company with International accreditations for quality control, environmental standards and social accountability, is a leading manufacturer of readymade knitted apparel, cotton knitted fabric and yarn in India having manufacturing facilities located at Coimbatore, Sathyamangalam, and Tirupur in Tamilnadu south india

(v) Super Spinning Mill Limited

Super Spinning Mills (SSML) was incorporated in 1962 and commercial production of cotton yarn commenced in Apr.64, with an initial installed capacity of 12,000 spindles. The installed capacity was increased to 50,548 spindles by 1981.

SSML set up its second unit at Kotnur, Andhra Pradesh, with an initial capacity of 28,800 spindles. The company expanded its installed capacity at the second unit to 51480 spindles in 1991. In 1992, it set up its 100% EOU at Gudalur (Tamilnadu) with an installed capacity of 10,080 spindles. The companys expansion programme was financed by financial institutions. It offered rights at a premium of Rs 10 per share to augment long-term resources for meeting the additional long-term capital requirements.

All the three units of the company was awarded the ISO 9002 accreditation by BVQI. The company has received Board of Trustee of ICMFs Birla Economic and Textile Research Foundation award for Quality Management & Best Management Award for 1998-99 from Andhra Pradesh Government.

To make the management effective and utilization of resources the two subsidiaries companies M/s Standard General Finance Ltd and M/s SGF Investment Company Ltd were merged with Super Spinning Mills Ltd. In January, 2002 the Garments Division has started, SARA Apparels and Fashions a new division to produce Polo T Shirts. Foreseeing the future prognosis the company is planning to set up one more Garment unit in Thekkalur Village in Coimbatore District.

STATEMENT OF THE PROBLEM

The financial performance is an integral part of overall corporate management. It has been variation in profits of both the companies from period to period. The success or failure is

determined by applying various tools such as Ratio analysis, Mean, Standard deviation, Coefficient of variation and Z score analysis. The company's performance has been evaluated by analyzing its financial capability. A study on the performance of Lakshmi mill, bannari amman spinning mill, sri ramakrishna mill, KPR mill and super spinning mill has been found to be apt in this context which will throw light on the causes of fluctuation in performance.

Hence the researcher has made an attempt to analyse the following problems:

- How the companies are managing its finance over the period of 5 years from 2012- 2017?
- How the firms have succeeded in its growth?

NEED OF THE STUDY:

The growth and development of company depends upon the financial performance of the company. Hence, it should be clearly analyzed and improved. Efforts must be taken to improve the financial performance. The assessment of the company helps to improve the performance of company. Hence a study on assessment on financial performance is very essential. Growth of manufacturing sector is very essentially, required in the developing country. This leading sector contributes more to the economic development.Today the textile industries are leading players in growth of manufacturing sector and are deeply engaged in industrial development. A research study is essential to improve the financial performance of major textile industries. Hence a research study on major textile industries (Lakshmi mill, bannari amman spinning mill, sri ramakrishna mill, KPR mill and super spinning mill) was undertaken in 2018 to study the financial health for the period of 5 years (2012-2017).

In the research, analysis is to find out the financial performance and financial position of the textile industries was carried out.

OBJECTIVE OF THE STUDY:

- To analyze the overall financial performance of five selected companies of textile industries
- To analysis the comparative analysis of five selected company using Altman's z-score.

Scope of the Study

Financial performance of an organization is a very important factor for the long term survival profitability of any organization. The purpose of financial analysis is to diagnose the information contained in financial statement, so as to judge the profitability and financial soundness of the firm.The study offers a good scope, for all in the Industry, to understand the financial health of the five companies**.**The necessary strategies can be drawn to improve the financial performance of the companies.

Limitations Of The Study

- The study covers a period of 5 years from 20012-13 to 2016-17. It does not consider Changes that have been taken place before and after the period.
- The calculations have been made on the basis of the figures provided in the published financial statements. Hence, the study is subject to inherent limitations of accounting practices.

Chapter Scheme

The project is classified into five chapters as follows

Chapter I- This chapter discusses about introduction, company profile Scope of the study, Objectives, and the limitations of the study

Chapter II- This chapter gives the reviews of similar research studies conducted earlier.

Chapter III- This explains the methodology framed in the research study.

Chapter IV- This chapter describes the Analysis and Interpretation

Chapter V- This chapter presents the findings, and conclusion.

CHAPTER - II

REVIEW OF LITERATURE

INTRODUCTION

A literature review is an evaluative report of information found in that literature related to one particular area of subject matter of research conceptually the review seeks to describe, summarize, evaluate, clarify and or integrate the content of primary reports. The review of literature is an important chapter in the project where its purpose is to provide the background and justification for the study undertaken. The objectives of the review of literature is to identify the gaps from the literature disseminated by other people working in the same field to increase the breadth of knowledge of the subject area to enable the existing stock of knowledge on the subject matter undertaken, to identify information and to derive ideas that may relevant and lead to finding out the appropriate methods of proceeding the current study in a scientific and systematic manner.

Geethalakshmi K. Jothi(2017) et.al in her study entitled **"Financial Health Of Select Indian Pharmaceutical Companies Through Z Score Model"** the research study deal withit reduces employment opportunities, Government earnings, industrial growth etc., and also deeply effects on the surrounding areas where the entity belonged. Actually bankruptcy refers to the

situation when a company is unable to pay its debts. The main objective of the study to evaluate the financial health of the companies by using Z score.To suggest recommendations for future growth and development of the select pharmaceutical companies in India.International Journal of Pure and Applied Mathematics Special Issue. The study conclude that to assess the financial conditions and performance of a company, this study uses financial health indicators like Z-Score analysis.

VikasTyagi(2014)in his study entitled **"A Study To Measures The Financial Health Of Selected Firms With Special Reference To Indian Logistic Industry: An Application Of Altman's Z Score"** the research study reveals that analysis of financial statement is the process of establishing and identifying the financial weakness and strength of the firm. we attempt to know or examine the financial health of logistic industry in India. The main objectives of study to measure the financial performance of the Indian logistic industry.To know the efficiency in financial operations of selected logistics companies. The study conclude that the present study was conducted to analyze, predict and compare the financial performance of Sample firms drawn from Indian Logistic industry.

Kumar Aditya(2016) in his study entitled **"An Appraisal Of Financial Solvency Of Ongc A Z Score Model"** the research study deals withThese techniques prove to be highly beneficial for the investors and stakeholders to diagnose the financial strength of a company. The present work entails an analysis of the financial performance and viability for bankruptcy of ONGC in future. The man objectives of study to evaluate the financial soundness of ONGC.To forecast the financial health of ONGC. The study conclude that Z-Score of ONGC over a period of five years from2010-11 to 2014-15 varying from 20.37 to 4.18, which is much higher than 3.00.

Ali AbusalahElmabrok Mohammed (2012)et.al in his study entitled **" Using Altman's Model And Current Ratio To Assess The Financial Status Of Companies Quoted In The Malaysian Stock Exchange"** the research study reveals thatInformation revolution as a resulted of globalization has triggered the need to analyze and treat huge numbers of the data to process them into useful information to support quality of decision making (Mohammed, 1997). The main objectives of the study the financial statements commonly used are profit and loss statements, balance sheets. From the financial statements, various ratios can be calculated to assess the current performance, future prospects of the concerned firm. The study concluded that Edward Altman model and current ratio are useful tools for investor to predict financial failure of companies.

Khalid Al- Rawi(2008) et.al in his study entitled **"The Use Of Altman Equation For Bankruptcy Prediction In An Industrial Firm"** the research study reveals the analysis of a firm's financial statements is undertaken with the purpose of extracting significant information relating to firm's objectives, profitability, efficiency and degree of risk. Firms that have a Z-Score more than 3 are considered to be healthy and, therefore, unlikely to enter bankruptcy. the main objectives of the study to analysis of a firm's financial statements is undertaken with the purpose of extracting significant information relating to firm's objectives, profitability, efficiency and degree of risk.we concluded that Altman's model may be used as an indicator and perhaps evidence to determine the firm's bankruptcy- in the future.

NilanjanaKumari(2013) in his study entitled **"Evaluation Of Financial Health Of MMTC Of India : A Z Score Model"** the research study reveals thatfinancial statement analysis ideas the best tool to evaluate the working and performance of accompany throughout the year. It is the easiest available tool for any investor or stakeholder to diagnose the financial strength of a company. The main objectives of the study to evaluate the financial soundness of MMTC. Forecast the financial health of MMTC.Finally, it can be concluded that the overall financial health of MMTC is good, and it can be quoted as an investor friendly company as will be having a sound financialperformance in the future.

Borhan Omar Ahmad(2017)in his study entitled**"Financial Performance Analysis Of Jordanian Insurance Companies Using The Altman Z-Score Model"** the research study revealsthe financial analyst program provides vital methodologies of financial analysis. It is used to measure firm's overall financial health over a given period of time and can also be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. The main objective of the study is to analyze the financial performance of selected insurance companies of Jordan with the application of Altman's Z score Model. The selected companies are Middle East Insurance Company, Jordan Insurance Company, and National Insurance Company. We concluded that It is recommended that the companies have to take measures in advance to avoid any financial distress in future.

M. Naresh Kumar V. SreeHariRao(2014) et.al in his study entitled **"A New Methodology For Estimating Internal Credit Risk And Bankruptcy Prediction Under Basel Iiregime"** the research study deals that the Credit ratings have become an integral part of today's capital markets as they help in the evaluation and assessment of credit risk, benchmark issues Credit

risk exists virtually in all income-producing activities and their inappropriate evaluation or inadequate mitigation would result in failure of institutions. The main objective of the study developing a score based method using a nonlinear form of financial ratios designing an index using an equi-probability transformation by _fitting a Pearson type 3 (P3) distribution to the newly developed Z-score say ZM The multivariate discriminate analysis (MDA) for predicting the bankruptcy index has shown that the pro-posed methodology has given highest accuracy of 98:5% which is higher by 5% as compared with Altman's Z-score.

Stewart Jones(2016) in his study entitled **"A Cash Flow Based Model Of Corporate Bankruptcy In Australia"** the research study reveals that the prediction of corporate distress has attracted the attention of accountants, regulators, business analysts and financial economists over the last five decades (altman 2002). the objective of the study the model also outperforms a logit model estimated on altman z score variables.probability outcomes are relatively easy for practitioners to interpret. this study concluded develops a simple cash flow based model based on four variables of interest the cash flow model also outperforms a logit model estimated on altman z score variables.

ParulChotalia(2014) in his study entitled **"Evaluation Of Financial Health Of Sampled Private Sector Banks With Altman Z-Score Model"**the research study deals with the Z-score can be calculated using only accounting information in contrast to market-based risk measures. The Z Score was first developed by New York University Professor Edward Altman in 1960. The objective of the study to know the stability and profitability of the selected banks. To predict the financial health and soundness of selected private sector banks the study concluded that Altman shows that bankrupt firms have very peculiar financial profiles one year before bankruptcy the Z-score of Kotak Mahindra Bank is 1.2887 which is higher compared to Axis, HDFC, DCB and YES banks.

Dr M MSulphey&Nisa. S(2013) et.al in his study entitled **"The Analytical Implication Of Altman's Z Score Analysis Of Bse Listed Small Cap Companies"** the research study reveals that Investing one's savings in financial securities to improve the financial stability using the financial analytical tools and the acceptance of quantitative techniques by the investment community has changed the investment scenario. The main objective of the study is to identify the solvency of the 220 the companies listed in the BSE Small Cap Index using Altman-Z score. A deteriorating Z-score can signal trouble ahead and provide a simpler

conclusion than the mass of ratios'. The study conclude that aspect into consideration, investors should consider making use of tools like Z-score while making investment decisions can be utilized as a ready reference by investors while investing in those Small Cap companies which have been analyzed here.

Emin Zeytinoglu1 And YaseminDenizAkarim(2013) et.al in his study entitled**"Financial Failure Prediction Using Financial Ratios: An Empirical Application On Istanbul Stock Exchange"** the research study reveals thatthe case in which cash flows could not meet the financial obligations, the risk of financial failure increases as well Altman have measured risk of financial failure by applying Altman Z Score test. The main objective of the study about paper aims to develop reliable model to identify the financial failure risk of the firms listed on Istanbul Stock Exchange National-All Share Index. In line with this goal, we calculate 20 financial ratios to predict the financial failure of firms and develop the most reliable model by analyzing these ratios statistically. The study concludes that provide useful information related to the financial situation of the firms in ISE. The models developed by using these variables are important for financial analysts, investors and other company officials.

GururajBarki& Dr. SadanandHalageri(2014) et.al in his study entitled
"Analysis Of Financial Strength Of Select Firms From Indian Textiles Industry Using Altman's "Z" Score Analysis" the research study reveals thatthe Textile Industry plays major role of Indian economy. Cotton is one of the major crops of India to fulfill the cloth demand of the country. Cotton textile industry is prone to high degrees of volatility in terms of its revenue and cost structure and hence is susceptible to fluctuating fortunes. The main objective of the study to analyze the financial health and variability of the firms in textile industry to establish the ability of the Altman's model to predict the probable bankruptcies.the study conclude that period investigator finds that Vardhaman Textiles, Surat Textiles and United Textiles are financially sound but not Gangotri Textiles and SNS Textiles.

Dr. Ashok Kumar Rath(2016)in his study entitled**"A Study On Financial Statement Analysis Of Tata Steel Odisha Project, Kalinga Nagar**" the research study deal with theIndian economy was in deep crisis in July 1991, when foreign currency reserves had plummeted to almost $1 billion; Inflation had roared to an annual rate of 17 percent; fiscal deficit was very high and had become unsustainable; foreign investors and NRI's had lost confidence in Indian Economy. The man objective of the study to assess the financial strength and weaknesses of Tata Steel Orissa project with the help of various financial statement

analysis tools and techniques over the period of study I,e. from 2010-11 to 2014-15. The study conclude on the activities involved in the Import of Equipments, establishing link among the agency to minimize the lead time involved in the process.

Dr. SarikaLohana(2014) in his study entitled **"Measuring Financial Sustainability Of Reliance Industries Limited By Using 'Z'- Score Model"** the research study reveals that determining the financial health of a company, the financial analysts take initial steps to analyze a company's financial statements. Ratio analysis is typically used to measure liquidity, leverage, activity, profitability and growth. The man objective of the study attempts to assess the financial health of the Reliance Industries in terms of retained earnings to total assets, networking capital position, equity and debt position, Return on total assets position, and net sales turnover position of the company. The study conclude that Whereas, total assets was increasing during the study period which shows that the company more concentrated on the investment in fixed assets.

Dr.O.T.V.Latasri(2014) in his study entitled**"A Study On Financial Performance Of Ashok Leyland Limited At Chennai"**the research study reveals that a financial statements is an organized collection of data according to logical and consist ant accounting procedures. The income statements give the total of different expenditure and revenues during the given period and the net result, viz., profit or loss during the given period. The main objective of the study to know the financial position of the Ashok Leyland.To know the Liquidity and profitability position of the company. The study concludes that reveals that the financial performance is fair. It has been maintaining good financial performance and further it can improve if the company concentrates on its operating, Administrative and selling expenses and by reducing expenses

Dr.R.Umarani(2015) in her study entitled**"A Study On Financial Performance Analysis Of Spinning Mills Of Coimbatore City"** the research study deals withthe indian textile industry has a significant presence in the economy as well as in the international textile economy. its contribution to the indian economy is manifested in terms of its contribution to the industrial production, employment generation and foreign exchange earnings. The main objective is to study the liquidity, leverage, profitability and turnover ratios position of five selected companies of spinning industry. to compare last five years different ratio with each company. the study conclude that textile constitutes the single largest industry in india. the

technology up gradation fund scheme has made drastic changes for companies to import high capacity machines to increase production.

Dr. Georgee K (2014)in his study entitled **"An Analysis Of The Financial Strength Of Steel Industry In India"** the research study revealsas an industry, nations have used steel manufacturing as an instrument of economic, social, and regional development and the steel industry has helped to define the character and identity of great cities. the main objective of the study of this research paper is to analyze the financial strength of the identified units in the steel industry in india in terms of short-term and long-term solvency. the study conclude that deals with the analysis of financial strength of selected units in the steel industry in india.

Dr. George Ochiri(2017) et.alin his study entitled **"Application Of Edward Altman's Z Score Model On Measuring Financial Health Of Commercial Banks In Kenya"** the research study dealsfinancial health evaluation of banks will remain to be critical in the world because of its role in economic and financial growth . many organizations in the world have fallen due to financial distress. the main objective of the study to evaluate the effect of working capital to total assets on banks' health. to determine how level of retained earnings will influence the banks' health in kenya. from the study it was concluded that working capital to total assets ratio was a crucial ratio in this period of global financial turmoil.

Dr.M. MuthuGopalakrishnan& 2devaraj T V (2017) et.al in his study entitled **"Analysis Of Financial Performance Of Information Technology Companies Using Z Score Model"** the research study reveals that Business units need profit for its existence and for its expansion. They discharge their obligations to the various segments of the society only through earning profits. So the financial performance of the business organizations matters a lot for all its stakeholders. The objective of the study financial performance analysis refers to the process of determining financial strength and weakness of the firm by establishing strategic relationship between the items of the balance sheet, profit and loss account. The study concludes that the overall financial health of information technology is in healthy zone. Because from the Five selected companies, All companies (Wipro Ltd, JustdailLtd,MindTree, Infosys Ltd and Tata Elxsi Ltd.) are in healthy zone.

Chadha P (2016) in his study entitled**“ Exploring The Financial Performance Of The Listed Companies In Kuwait Stock Exchange Using Altman's Z-Score Model.”** The research study reveals thatthe financial performance of the listed companies on the Kuwait Stock Exchange. It explores whether the Kuwait market is good for investment by foreign investors to trade in stocks. Annual reports of the listed companies and financial statements from the Kuwait Stock Exchangewebsite were used for examination. The purpose is to find out how likely are Kuwait firms to file for bankruptcy and to provide additional and better understanding of Kuwait corporate performance since financial ratios alone is not enough to analyze whether the firms in Kuwait stock market are profitable for foreign investment A primary conclusion of this exploration is that it is possible to predict accurately the level of financial distress in Kuwait using the financial data from annual reports and financial statements from the Kuwait Stock Exchange website.

V.K.Veerakumar(2016) in his study entitled **“Financial Performance Of Steel Industry In India With Special Reference To Tisco And Sail”** the research study & deals with the terms financial appraisal and financial statement analysis have the same meaning and are generally used as synonymous. The techniques of financial statement analysis are used for the purpose of financial appraisal. Financial appraisal is a scientific evaluation of the profitability and financial strength of any business concern. The main objective of the study to study the Production, Sales and Profit trend of the TISCO and SAIL. To analyze the profitability position of the TISCO and SAIL. To conclude, all major steel producers in India are expanding their capacities and may new Greenfield projects are seems to coming up in near future. How much a huge investment will be mobilized is a big question.

CHAPTER – III

RESEARCH METHODOLOGY

INTRODUCTION

The research methodology is the way to solve the research problem systematically. It may be understood that how research is done scientifically and systematically. "In research methodology, researcher always tries to search the given question systematically in our own way and find out all the answers till conclusions. If research does not work systematically on problem, there would be less profitability to find out the final result. The analysis was concerned with textile industries. The analysis was made on the secondary data, which was obtained from the published sources for a period of 5 years from 2012-2013to 2016-2017. The collected data was analyzed with the help of tools like ratio analysis, mean, standard deviation, coefficient variance, compound annual growth rate and Z- Score analysis.

RESEARCH CAP

After scrutinizing thoroughly the various reviews of literature on financial performance analysis of companies in manufacturing sector and service sector in different time period, It is found that they have not made research on financial performance of textile industries. After finding out, the research gap, a research study to the financial performance and financial health of 5 textile industries was carried out during 2018. The financial performance was analyzed for textile industries for the period from 2012-2017. For achieving the best result, main research objectives and research design were framed.

RESEARCH DESIGN:

Research design used on the study is analytical research the researcher has to analyse the balance sheet which is a historical data and drive conclusions for it.

PERIOD OF THE STUDY

The study was conducted for a period of 5 years from 2012 to 2017 of 5 textile industries

SIZE OF SAMPLING:

The size of the sample of the research is five textile industries. The research was conducted on financial performance of 5 textile industries.

SOURCE OF DATA:

Data was collected from secondary sources. The secondary data is that which had already been collected by some and already processed. The sources of secondary data are annual report, web site, magazines, articles etc..,

TOOL USED FOR RESEARCH:

- Ratio Analysis
- Mean
- Standard deviation
- Coefficient of variance
- Z- score Analysis

1.Ratio Analysis:

Ratio Analysis is used as a tool of analyzing the financial information, contained in the balance sheet and profit and loss account, for more meaningful understanding of the financial position and performance of a firm. The relationship between two accounting figures, expressed mathematically, is known as a financial ratio. A ratio helps to analyst to make qualitative judgment about the firm's financial position and performance. several ratio can be calculated from the accounting data contained in the financial statements. In view of the requirements of the various ratios, ratios are classified into the following four important categories.

A. Liquidity ratio

B. Profitability ratio

C. Solvency ratio

D. Efficiency ratio.

A.**LIQUIDTY RATIO**

Liquidity refers to the ability of a concern to meet its current obligation as and when these becomes due. The short-term obligation are met by realizing amounts from current, floating or circulating assets. The current assets should either be liquid or near liquidity. These should be convertible into cash for paying obligation of short-term nature. The sufficient or insufficiency of current asset should be assessed by comparing them with short-term (current) liabilities. If current assets can pay off current liabilities, then liquidity position will be satisfactory. On the other hand, if current liabilities may not be easily met out of current asset then liquidity position will be bad. The bankers, suppliers of goods and other short term creditors are interested in the liquidity of the concern. They will extend credit only if they are sure that current asset are enough to pay out the obligation

- ❖ Current ratio
- ❖ Liquid ratio
- ❖ Absolute liquid ratio

1) Current Ratio:

Current ratio may be defined as the relationship between current asset and current liabilities. This ratio, also known as working capital ratio, is a measure of general liquidity and is most widely used to make the analysis of a short-term financial position or liquidity of a firm. It is calculated by dividing the total of current asset by total of the current liabilities.

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

ii.Quick Ratio:

Quick ratio, also known as acid test or liquid ratio, is a more rigorous test of liquidity than the current ratio. The term 'liquidity' refers to the ability of a firm to pay its short-term obligation as and when they become due. The two determinants of current ratio, as a measures of liquidity, are current asset and current liability. Current asset includes inventories and prepaid expenses which are not easily convertible into cash within a short period. Quick ratio may be defined as the relationship between quick/liquid asset and current or liquid liabilities. An asset is said to be liquid if it can be converted into cash within a short period with out loss of value. In that sence, cash in hand and cash at bank are the most liquid asset. The other asset which can be included in the liquid asset are bills receivable, sundry debtors, marketable securities and short term or temporary investments. Inventories cannot be termed to be liquid asset because they cannot be converted into cash immediately without a sufficient loss of value. In the same manner, prepaid expenses are also excluded from the list of quick/liquid asset because they are not expected to be converted in to cash. The quick ratio can be calculated by dividing the total of the quick assets by total current liabilities

$$\text{quick ratio} = \frac{\text{Quick assets}}{\text{Current liabilities}}$$

iii. Absolute Liquid Ratio:

Although receivables, debtors and bills receivable are generally more liquid than inventories, yet there may be doubts regarding their realization into cash immediately or in time. Hence, some authorities are of the opinion that the absolute liquid ratio should also be calculated together with current ratio and acid test ratio so as to exclude receivables from the current assets and find out the absolute liquid assets.

$$\text{Absolute Liquid ratio} = \frac{\text{Absolute Liquid assets}}{\text{Liquid liabilities}}$$

ANALYSIS OF LONG TERM FINANCAL POSITION OR TEST OF SOLVENCY

The term 'solvency' refers to the ability of a concern to meet its long term obligations. The long term indebtedness of a firm include debenture holders, financial institution providing medium and long –term loans and other creditors selling goods on installment basis. The long-term creditors of a firm are primarily interested in knowing the firms ability to pay regular

interest on long-term borrowing, repayment of the principle amount at the maturity and the security of their loan. Accordingly, long-term solvency ratios indicates a firms ability to meet the fixed interest and cost and repayment schedules associated with its long term borrowings.

The following ratio serve the purpose of determining the solvency of the concern:

- Debt/Equity ratio
- Debt to total capitalization ratio

i. Debt – Equity Ratio:

Debt-equity ratio, also known as external-internal equity ratio is calculated to measure the relative claims of outsiders and the owners against the firms assets. This ratio indicates the relationship between the external equities funds and the internal equities or the shareholders funds, thus

$$\text{Debt-Equity ratio} = \frac{\text{Outsiders funds}}{\text{Shareholders}}$$

ii. Funded-Debt to capitalization ratio:

The ratio establishes a link between the long-term funds raised from outsiders and total long-term funds available in the business.

$$\text{Funded debt to capitalization ratio} = \frac{\text{Funded debt}}{\text{Total capitalization}} * 100$$

Current Asset Movement or Efficiency/Activity Ratio or Asset Management Ratio

Funds are invested in various assets in business to make sales and earn profit. The efficiency with which assets are managed directly affect the volume of sales. The better the

management of assets, the larger is the amount of sales and the profit. Activity ratio measures the efficiency or effectiveness with which a firm manages its resources or assets. These ratio are also called as turnover ratios because they indicates the speed with which assets are converted or turned over into sales.

- Inventory turnover ratio
- Debtors turnover ratio

i. Inventory Turnover Ratio:

Inventory turnover ratio also known as stock velocity is normally calculated as sales/ average inventory or cost of goods sold// average inventory. T would indicate whether inventory has been efficiently used or not. The purpose is to see whether only the required minimum funds have been locked up in inventory. Inventory turnover ratio indicates the number of times the stock has been turned over during the period and evaluates the efficiency with which a firm is able to manage its inventory.

The ratio is calculated by dividing net sales/ inventory

$$\text{Inventory turnover ratio} = \frac{\text{Net sales}}{\text{Inventory}}$$

ii. Debtor's Turnover Ratio:

A concern may sell goods on cash as well as credit. Credit is one of the important elements of sales production. The volume of sales can be increased by following a liberal credit policy. But the effect of a liberal credit policy may result in typing up substantial funds of a firm in the form of trade debtors. Trade debtors are expected to be converted in to cash with in a short period and are included in current asset,. Hence, the liquidity position of a concern to pay its short –term obligation in time depends upon the quality of its trade debtors

$$\text{Debtors turnover ratio} = \frac{\text{Total sales}}{\text{Debtors}}$$

D. Analysis of profitability or profit ability ratio:

The primary objectives of a business undertaking are to earn profits. Profit earning is considered essential for the survival of the business. A business enterprise can discharge its obligation to the various segments of the society only through earning of profits are, thus, a useful measures of overall efficiency of a business. Profits to the management are the test of efficiency and a measurement of control to owners, a measures of worth of their investment; to the creditors, margin of safety; to employees, a source of fringe benefits; to government, a measures of tax-paying capacity and the basis of legislative action; to customers, profitability ratios are calculated either in relation to sales or in relation to investment. The various profitability ratios are

- Gross profit ratio
- Net profit ratio
- Operating profit ratio

i)Gross profit ratio:

Gross profit ratio measures the relationship of gross profit to net sales and is usually represented as a percentage. Thus, it is calculated by dividing the gross profit by sales

$$\text{Gross profit ratio} = \frac{\text{Gross profit}}{\text{Net sales}} * 100$$

ii. Net profit ratio:

Net profit ratio establishes a relationship between net profit and sales, and indicates the efficiency of the management in manufacturing, selling, administrative and other activities and other activities of the firm. This ratio is the overall measure of firms profitability and is calculated as

$$\text{Net profit}$$

Net profit ratio= ……. * 100

Net sales

iii) Operating profit ratio:

This ratio is calculated by dividing operating profit by sales.

Operating profit

Operating profit ratio= ……. * 100

Net sales

2. Mean

Arithmetic average is called as mean. It gives the single value to describe the whole data.

$$X = \frac{\sum x}{N}$$

3. Standard deviation

The variance and its square root, the standard deviation are by far the most powerful and most useful measures of dispersion which take into how all the observation in the data are distributed and takes in to consideration each value of the data.

$$S.D = \sqrt{\frac{\sum d2}{n}} \quad \sqrt{\frac{\sum d2}{n}}$$

4. Co-efficient of variance

It shows the relationship between the standard deviation and arithmetic mean expressed in the terms percentage.

$$\mathbf{C.V = \frac{S.D * 100}{X}}$$

5. z-score analysis:

NYM stern finance professor, Edward Altman, developed the Altman Z-score formula in 1997. In 2012, he released an update version called the Altman Z-score plus, that can be used to evaluate both public and private companies, both manufacturing and nonmanufacturing companies and both U.S and non U.S Companies. Investors can use Altman Z-score to help determine whether they should buy or sell a particular stock if they're concerned about the underlining company's financial strength. The Altman Z-score can be used to evaluate corporate credit risk. The Altman Z-score, is based on five financial ratios that can be calculated from data found on a company's annual report.

The Altman Z-score is calculated as follows:

Where,

X1 = Working Capital/Total Asset

X2 =Retained Earnings/Total Asset

X3 = Earnings before Interest and Tax/Total Asset

X4 =Market Value of Equity/Total Liabilities

X5 =sales/ total assets

A Score 1.8 means the company is probably headed for bankruptcy, while companies with scores above 3.0 are not likely to go bankrupt and their financial health is good. The higher or lower the score, the higher or lower is the likelihood of bankruptcy.

CHAPTER-IV

ANALYSIS AND INTERPRETATION

Analysis is an examination of data and facts to uncover and understand the cause - effect relationship, thus providing basis for problem solving and decision making.

Interpretation is the act of explaining, reframing or otherwise showing researcher' own understanding of the problem solution.

The financial data collected from Lakshmi Mill, Bannari Amman Spinning Mill, Sri Ramakrishna Mill, KPR Mill and Super Spinning Mill is analyzed by applying relevant tools.

The analyzed data was presented in the following manner:

- To analyze the liquidity, profitability and solvency of the selected textile companies and compare (LM, BAM, SRM, KPR, SSM)
- To measure the overall financial performance of selected companies
- To assess the financial health of the companies.

1. LIQUIDITY RATIO

TABLE 1

CURRENT RATIO

YEAR	LM	BAM	SRM	KPR	SSM
2012-2013	2.04	1.02	0.67	1.08	0.70
2013-2014	1.99	1.0	0.57	1.00	0.88
2014-2015	2.02	0.88	1.06	1.11	0.72
`2015-2016	1	0.80	0.90	1.15	0.71
2016-2017	1.99	0.81	1.13	1.39	0.61
Mean	2.01	0.90	0.87	1.15	0.72

Source: secondary data

The table 1 shows that all the companies' current ratio is fluctuated throughout the period of study. The current ratio of Lakshmi mill recorded 2.04 in the year 2012-13 it fluctuating as 1.99 in the year 2016-17, the average current ratio is 2.01. Similarly the current ratio of bannari Amman spinning mill shown 1.02 in the year 2012-13 it decreasing as 0.81 in the year 2016-17, the average current ratio is 0.90. The current ratio of sri Ramakrishna mill recorded 0.67 in the year 2012-13 it fluctuating as 1.13 in the year 2016-17, the average current ratio is 0.87. The current ratio of KPR mill recorded 1.08 from in the year 2012-13 it fluctuating as 1.39 in the year 2016-17, the average current ratio is 1.15. Similarly the current ratio of super spinning mill shown 0.70 from in the year 2012-13 it decreasing as 0.61 in the year 2016-17, the average current ratio is 0.72. It is conclude that the standard norm of current ratio is 2:1,the Lakshmi mill current ratio is more than the standard norms, while comparing all the companies, Lakshmi mill limited has better liquidity position compare to all other companies.

CURRENT RATIO

EXHIBIT 1

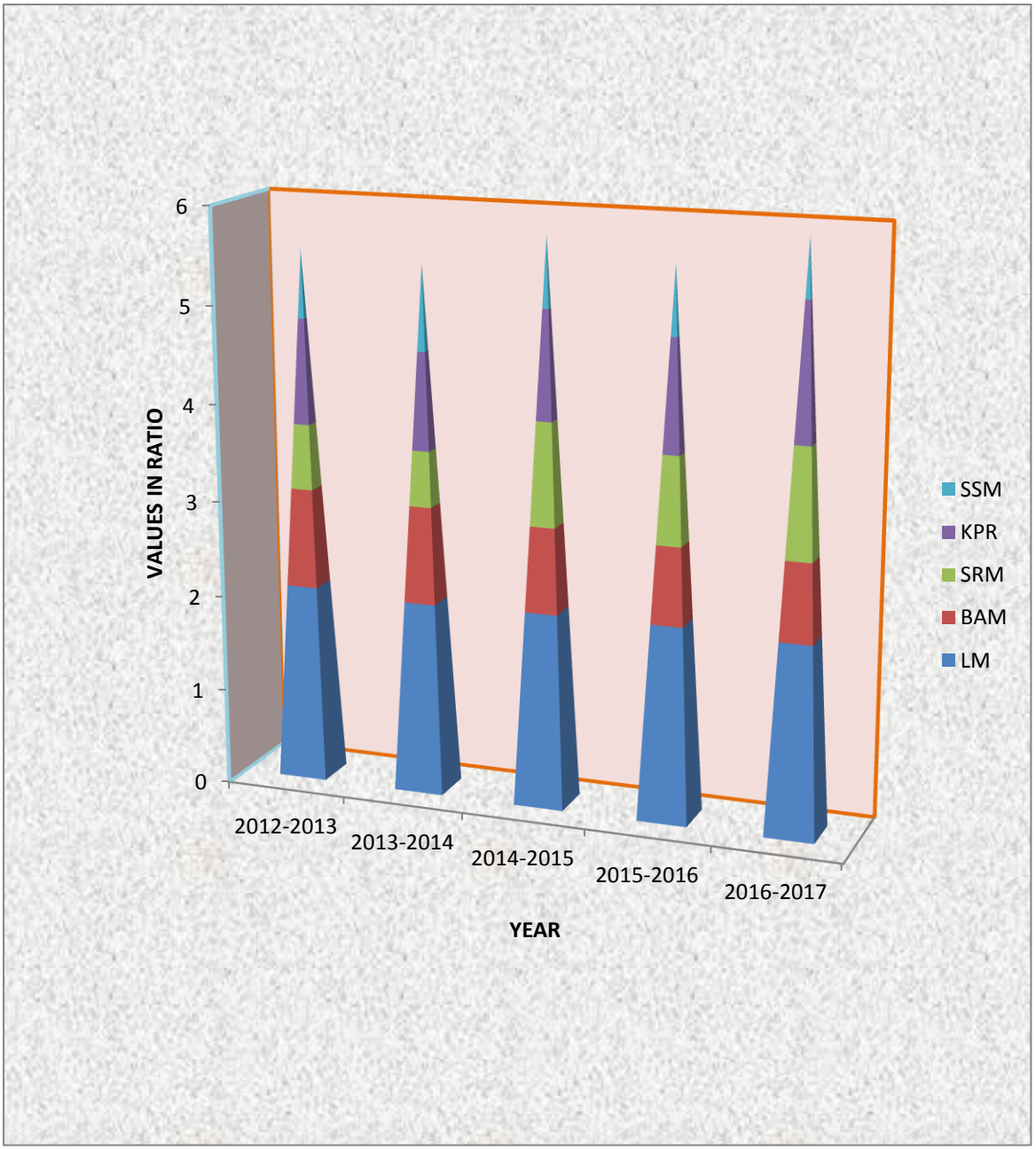


TABLE 2

QUICK RATIO

YEAR	LM	BAM	SRM	KPR	SSM
2012-2013	0.33	0.38	0.19	0.47	0.23
2013-2014	0.30	0.30	0.07	0.43	0.27
2014-2015	0.30	0.28	0.09	0.42	0.26
2015-2016	0.32	0.24	0.08	0.49	0.20
2016-2017	0.34	0.27	0.10	0.47	0.11
Mean	0.32	0.30	0.11	0.46	0.2

source: secondary data

The table 2 shows that all the companies' quick ratio is fluctuated throughout the period of study. The quick ratio of Lakshmi mill recorded 0.33 from in the year 2012-13 it fluctuating as 0.34 in the year 2016-17, the average quick ratio is 0.32. Similarly the quick ratio of bannari Amman spinning mill shown 0.38 from in the year 2012-13 it fluctuating as 0.27 in the year 2016-17, the average quick ratio is 0.30. The quick ratio of sri Ramakrishna mill recorded 0.19 from in the year 2012-13 it fluctuating as 0.10 in the year 2016-17, the average quick ratio is 0.11. The quick ratio of KPR mill recorded 0.47 from in the year 2012-13 it fluctuating as 0.47 in the year 2016-17, the average quick ratio is 0.46. Similarly the quick ratio of super spinning mill shown 0.23 from in the year 2012-13 it decreasing as 0.11 in the year 2016-17, the average quick ratio is 0.2.It is conclude that the standard norm of quick ratio is 1:1, while comparing all the companies, KPR mill limited has better liquidity position compare to all other companies.

EXHIBIT 2

QUICK RATIO

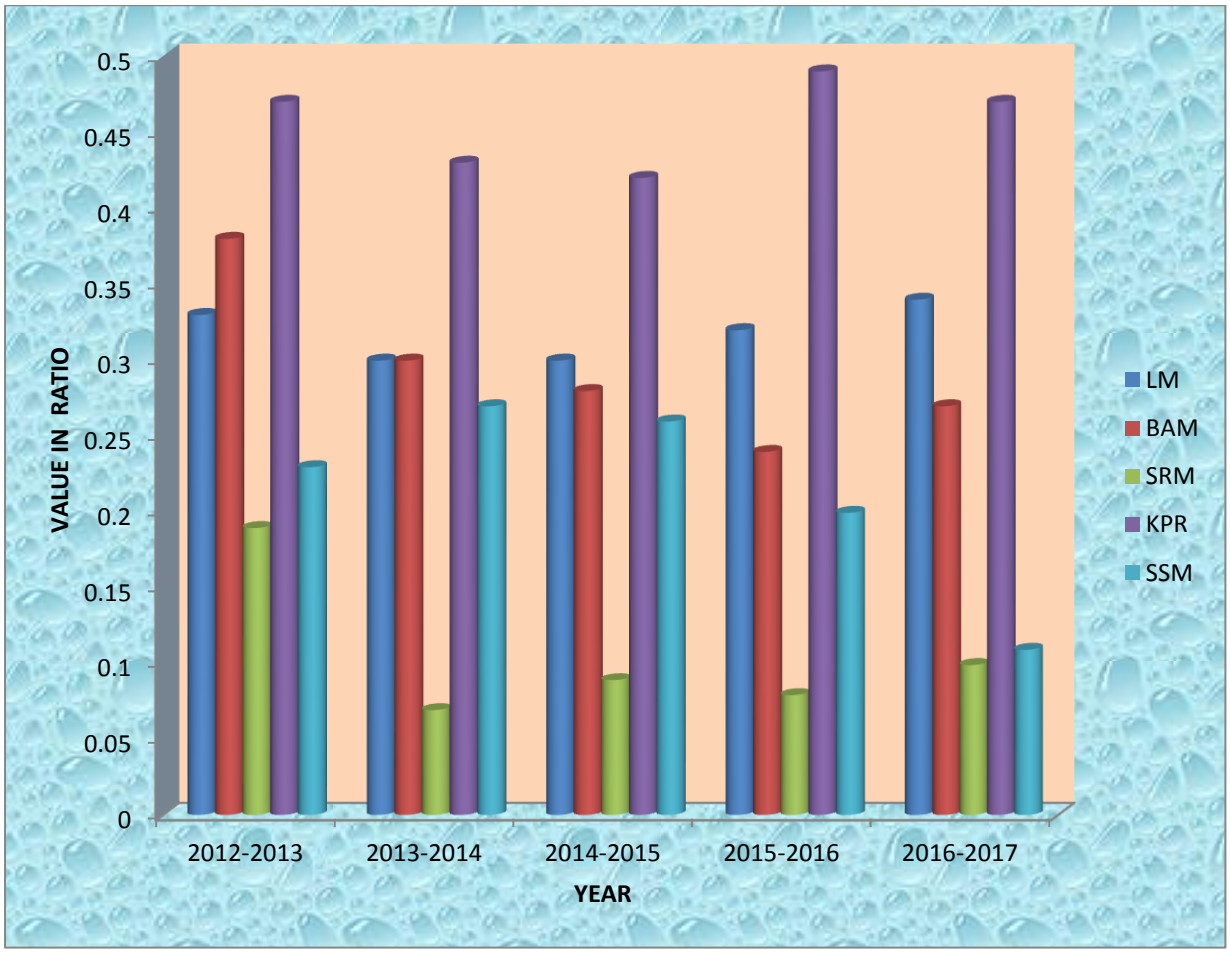


TABLE 3

ABSOLUTE LIQUID RATIO

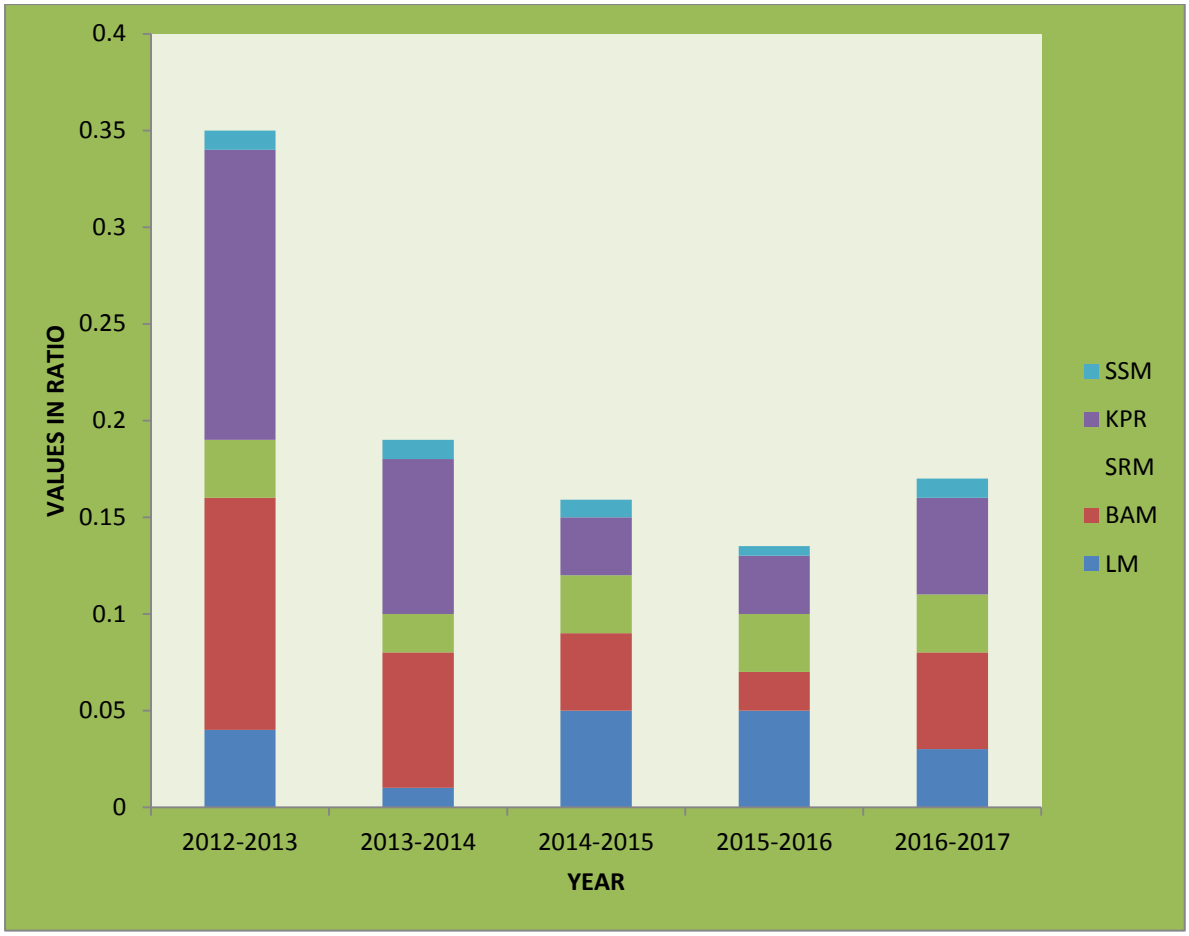
YEAR	LM	BAM	SRM	KPR	SSM
2012-2013	0.04	0.12	0.03	0.15	0.01
2013-2014	0.01	0.07	0.02	0.08	0.01
2014-2015	0.05	0.04	0.03	0.03	0.009
2015-2016	0.05	0.02	0.03	0.03	0.005
2016-2017	0.03	0.05	0.03	0.05	0.01
Mean	0.04	0.06	0.03	0.07	0.01

source: secondary data

The table 3 shows that all the companies' Absolute liquid ratio is fluctuated throughout the period of study. Absolute liquid ratio of Lakshmi mill recorded 0.04 from in the year 2012-13 it fluctuating as 0.03 in the year 2016-17, the average absolute liquid ratio is 0.04. Similarly the absolute liquid ratio of bannari Amman spinning mill shown 0.12 from in the year 2012-13 it decreasing as 0.05 in the year 2016-17, the average absolute liquid ratio is 0.06. The absolute liquid ratio of sri Ramakrishna millrecorded 0.03 from in the year 2012-13 it fluctuating as 0.03 the year 2016-17, the average absolute liquid ratio is 0.03. The absolute liquid ratio of KPR mill recorded 0.15 from in the year 2012-13 it decreasing as 0.05 in the year 2016-17, the average absolute liquid ratio is 0.07. Similarly the absolute liquid ratio of super spinning mill shown 0.01 from in the year 2012-13 it decreasing as 0.01 in the year 2016-17, the average absolute liquid ratio is 0.01. It is conclude that the standard norm of quick ratio is 2:1, while comparing all the companies, KPR mill limited has better liquidity position compare to all other companies.

EXIHIBIT 3

ABSOLUTE LIQUID RATIO



*

II. SOLVANCY RATIO

TABLE 4

DEBT EQUITY RATIO

YEAR	LM	BAM	SRM	KPR	SSM
2012-2013	0.84	2.23	2.29	1.36	2.83
2013-2014	0.82	2.34	2.65	1.18	2.84
2014-2015	0.73	2.31	4.14	0.97	3.24
2015-2016	0.74	2.45	7.61	0.77	3.19
2016-2017	0.77	2.45	7.92	0.61	3.10
Mean	0.78	2.36	4.9	0.98	3.04

source: secondary data

The table 4 shows that all the companies' Debt equity ratio is fluctuated throughout the period of study. The debt equity ratio of Lakshmi mill recorded 0.84 from in the year 2012-13 it decreasing as 0.77 in the year 2016-17, the average debt equity ratio is 0.78. Similarly the debt equity ratio of bannari Amman spinning mill shown 2.23 from in the year 2012-13 it fluctuating as 2.45 in the year 2016-17, the average debt equity ratio is 2.36. The debt equity ratio of sri Ramakrishna millrecorded2.29 from in the year 2012-13 it increasing as 7.92 the year 2016-17, the average debt equity ratio is 4.9. The debt equity ratio of KPR mill recorded 1.36 from in the year 2012-13 it increasing as 0.61 in the year 2016-17, the average debt equity ratio is 0.98 Similarly the debt equity ratio of super spinning mill shown 2.83 from in the year 2012-13 it increasing as 3.10 in the year 2016-17, the average debt equity ratio is 3.04.It is conclude that the standard norm of Debt equity ratio is 1:1, the Sri Ramakrishna mill Debt equity ratio is more than the standard norms, while comparing all the companies, Sri ramakrishna mill limited has better position compare to all other companies.

EXHIBIT 4

DEBT EQUITY RATIO

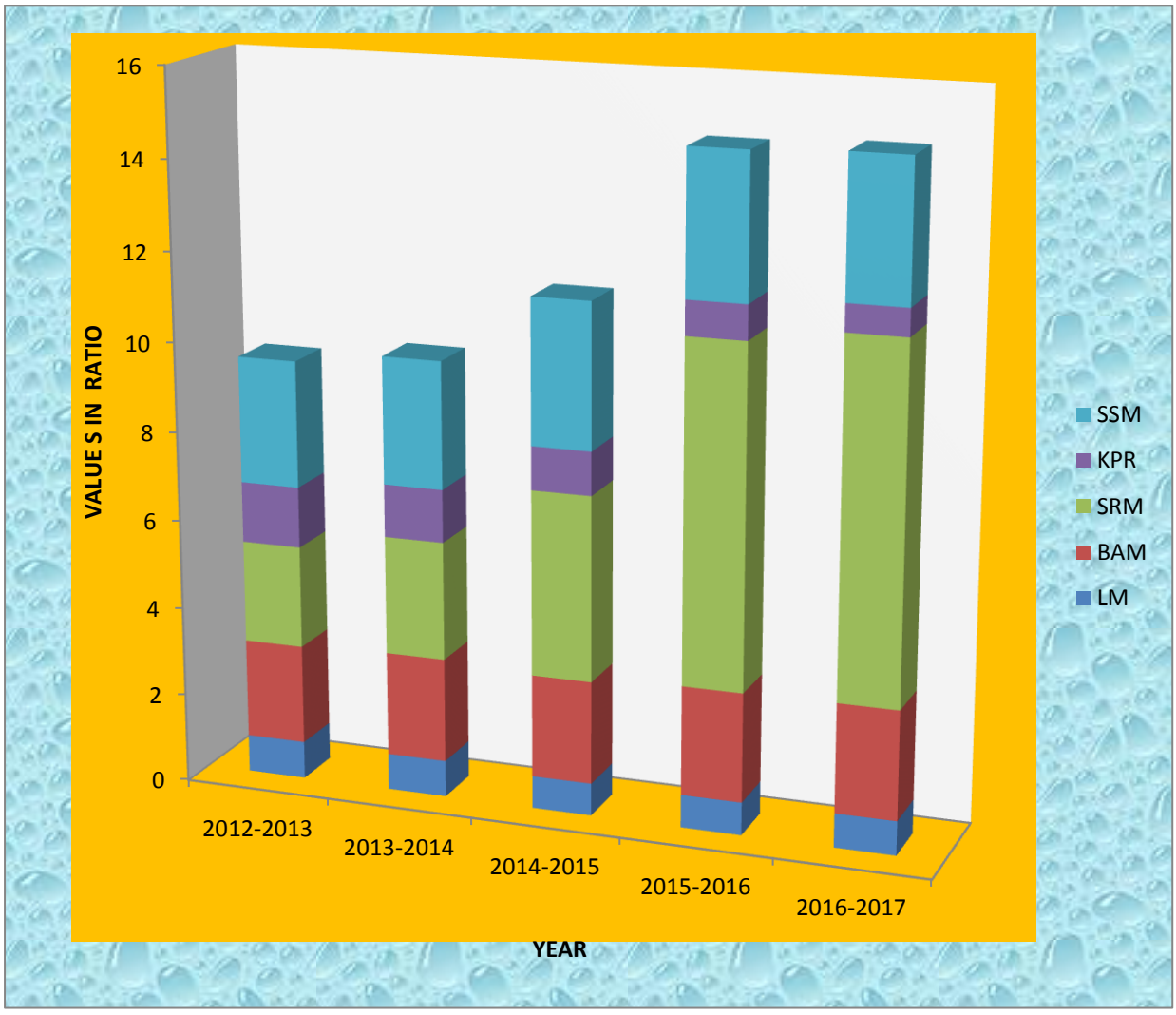


TABLE 5

FUNDED DEBT TO TOTAL CAPITALIZATION

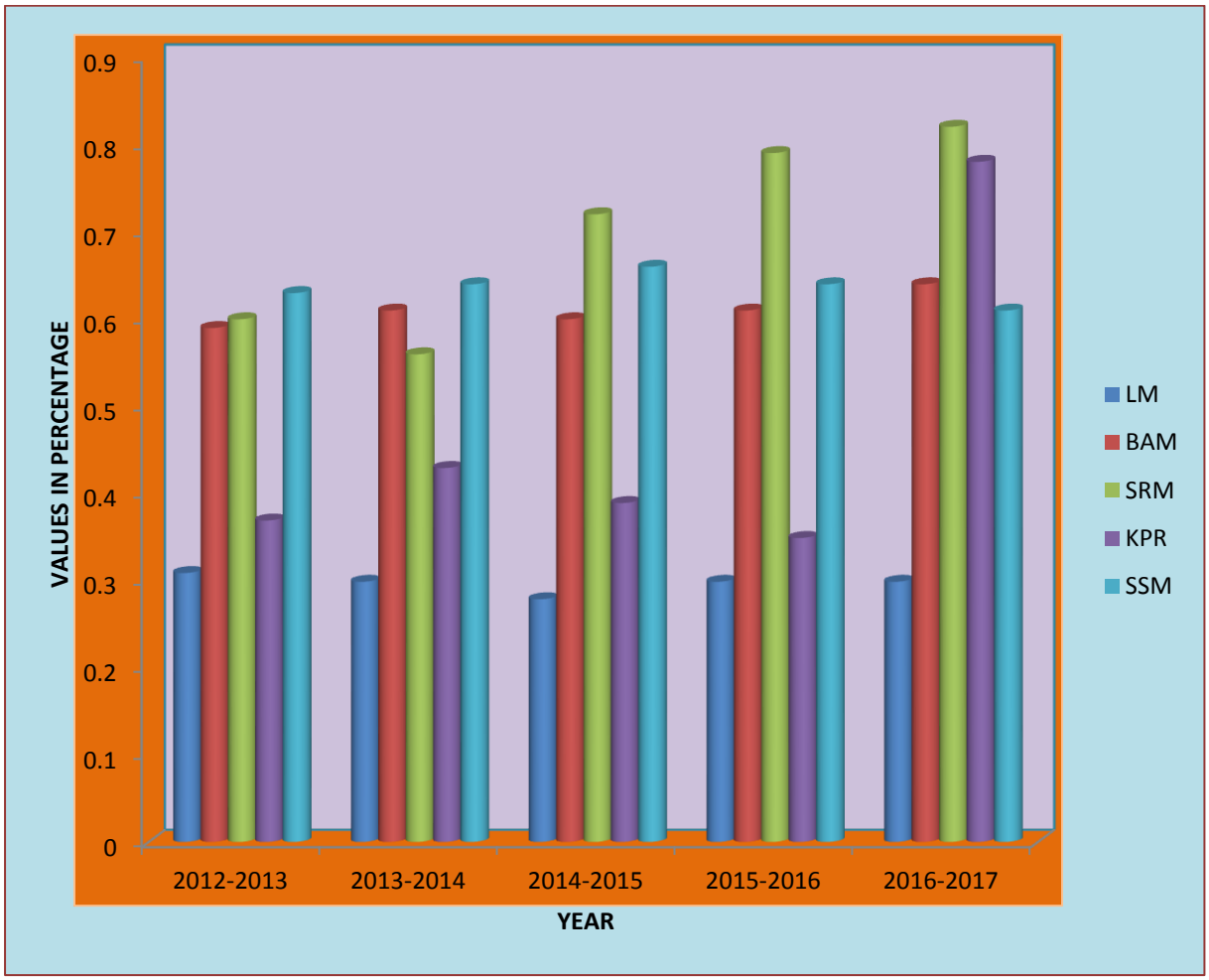
YEAR	LM	BAM	SRM	KPR	SSM
2012-2013	0.31	0.59	0.60	0.37	0.63
2013-2014	0.30	0.61	0.56	0.43	0.64
2014-2015	0.28	0.60	0.72	0.39	0.66
2015-2016	0.30	0.61	0.79	0.35	0.64
2016-2017	0.30	0.64	0.82	0.78	0.61
Mean	0.30	0.61	0.70	0.46	0.64

Source: secondary data

The table 5 reveals that all the companies' funded debt to total capitalization ratio is fluctuated throughout the period of study. The funded debt to total capitalization ratio of Lakshmi mill recorded 0.31 from in the year 2012-13 it fluctuating as 0.30 in the year 2016-17, the average is 0.30. Similarly the funded debt to total capitalization ratio of bannari Amman spinning mill shown 0.59 from in the year 2012-13 it fluctuating as 0.64 in the year 2016-17, the average is 0.61. The funded debt to total capitalization ratio of sri Ramakrishna mill recorded 0.60 from in the year 2012-13 it fluctuating as 0.82 the year 2016-17, the average is 0.70. The funded debt to total capitalization ratio of KPR mill recorded 0.37 from in the year 2012-13 it fluctuating as 0.78 in the year 2016-17, the average is 0.46. Similarly the funded debt to total capitalization ratio of super spinning mill shown 0.63 from in the year 2012-13 it fluctuating as 0.61 in the year 2016-17, the average is 0.64. It is conclude that is no standard norm for funded debt to total capitalization ratio. If this ratio is smaller, better it will be up to 50% or 55% of this ratio. Sri Ramakrishna mill limited has better position compared to all other companies.

EXHIBIT 5

FUNDED DEBT TO TOTAL CAPITALIZATION



III. PROFITABILTY RATIO

TABLE: 6

GROSS PROFIT RATIO

YEAR	LM	BAM	SRM	KPR	SSM
2012-2013	96.49	119.36	171.55	109.10	91.15
2013-2014	76.40	100.14	295.73	85.73	77.16
2014-2015	77.97	106.81	291.26	85.11	91.35
2015-2016	88.14	105.74	239.90	95.04	94.15
2016-2017	81.19	102.87	404.61	46.64	112.52
Mean	84.04	106.98	280.61	84.32	93.26

source: secondary data

The table 6 reveals that all the companies' Gross profit ratio is fluctuated throughout the period of study. The Gross profit ratio of Lakshmi mill recorded 96.49 from in the year 2012-13 it fluctuating as 81.19 in the year 2016-17, the average is 84.04. Similarly the Gross profit ratio of bannari Amman spinning mill shown 119.36 from in the year 2012-13 it fluctuating as 102.87 in the year 2016-17, the average is 106.98. The Gross profit ratio of Sri Ramakrishna mill recorded 171.55 from in the year 2012-13 it increasing as 404.61 the year 2016-17, the average is 280.61. The Gross profit ratio of KPR mill recorded 109.10 from in the year 2012-13 it decreasing as 46.64 in the year 2016-17, the average is 84.32 Similarly the Gross profit ratio of super spinning mill shown 91.15 from in the year 2012-13 it fluctuating as 112.52 in the year 2016-17, the average is 93.26. It is concluding that there is no standard norm for gross profit ratio and it may vary from business to business gross profit ratio should be adequate to cover the operation. Sri Ramakrishna mill limited has better position compared to all other companies.

EXHIBIT 6

GROSS PROFIT RATIO

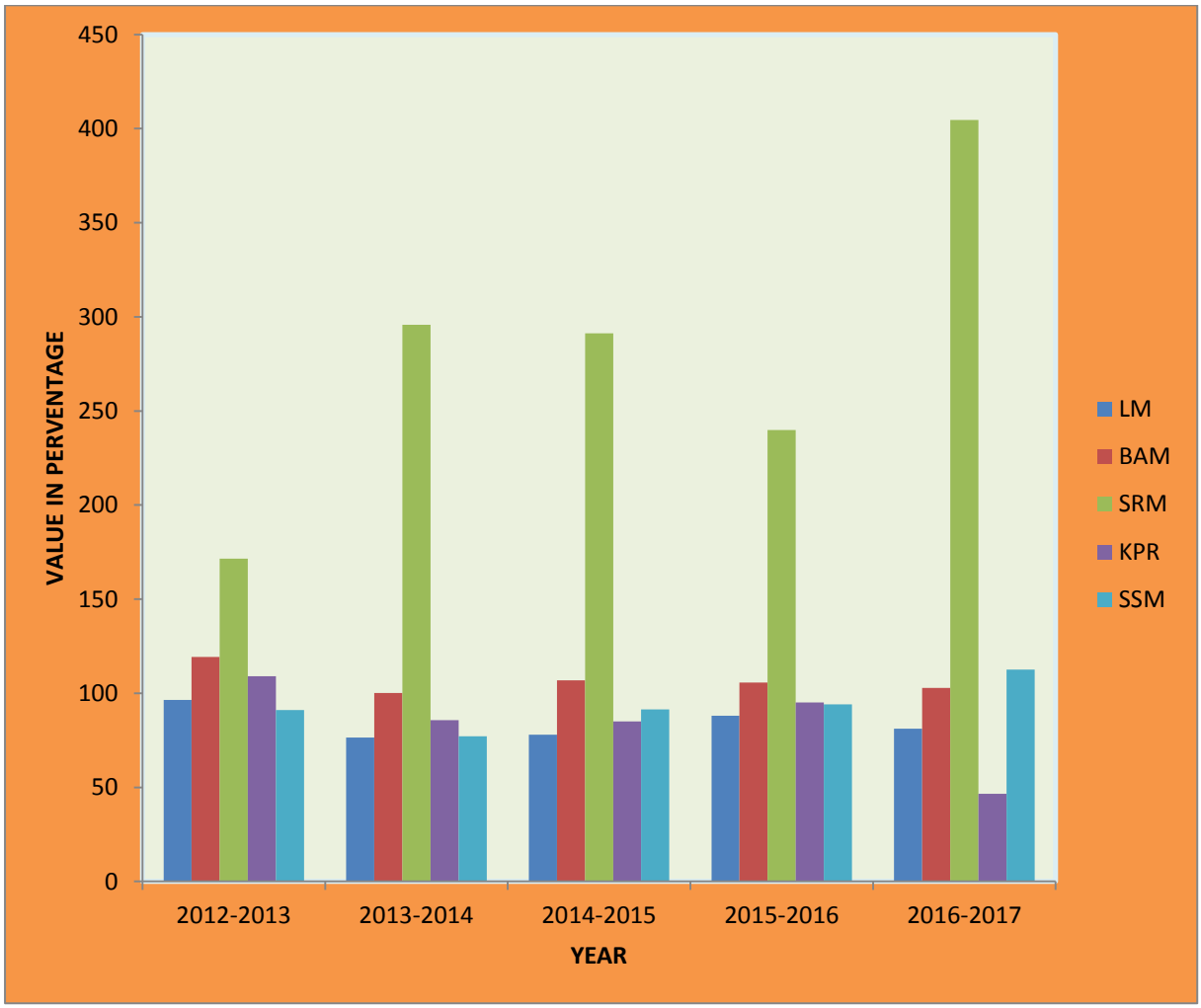


TABLE: 7

NET PROFIT RATIO

YEAR	LM	BAM	SRM	KPR	SSM
2012-2013	-35.91	79.02	27.18	68.96	23.13
2013-2014	-25.11	62.90	42.58	48.83	18.26
2014-2015	-25.36	64.62	24.02	44.43	21.09
2015-2016	-28.99	64.76	37.43	45.76	20.10
2016-2017	24.09	63.50	45.94	41.28	23.80
Mean	-18.26	66.96	35.43	49.85	21.28

source: secondary data

The table 7 reveals that all the companies' Net profit ratio is fluctuated throughout the period of study. The net profit ratio of Lakshmi mill recorded -35.91 from in the year 2012-13 it decreasing as 24.09 in the year 2016-17, the average is -18.26. Similarly the net profit ratio of bannari Amman spinning mill shown 79.02 from in the year 2012-13 it decreasing as 63.50 in the year 2016-17, the average is 66.96. The net profit ratio of Sri Ramakrishna millrecorded27.18 from in the year 2012-13 it fluctuating as 45.94 the year 2016-17, the average ratio is 35.43. The net profit ratio of KPR mill recorded 68.96 from in the year 2012-13 it decreasing as 41.28 in the year 2016-17, the average is 49.85 Similarly the net profit ratio of super spinning mill shown 23.13 from in the year 2012-13 it fluctuating as 23.80 in the year 2016-17, the average is 21.28. It is concluding that there is no standard norm for Net profit ratio is very useful as if the profit is not sufficient, the firm shall not be able to achieve a satisfactory return on its investment. Bannari amman spinning mill limited has better position compared to all other companies.

EXHIBIT 7

NET PROFIT RATIO

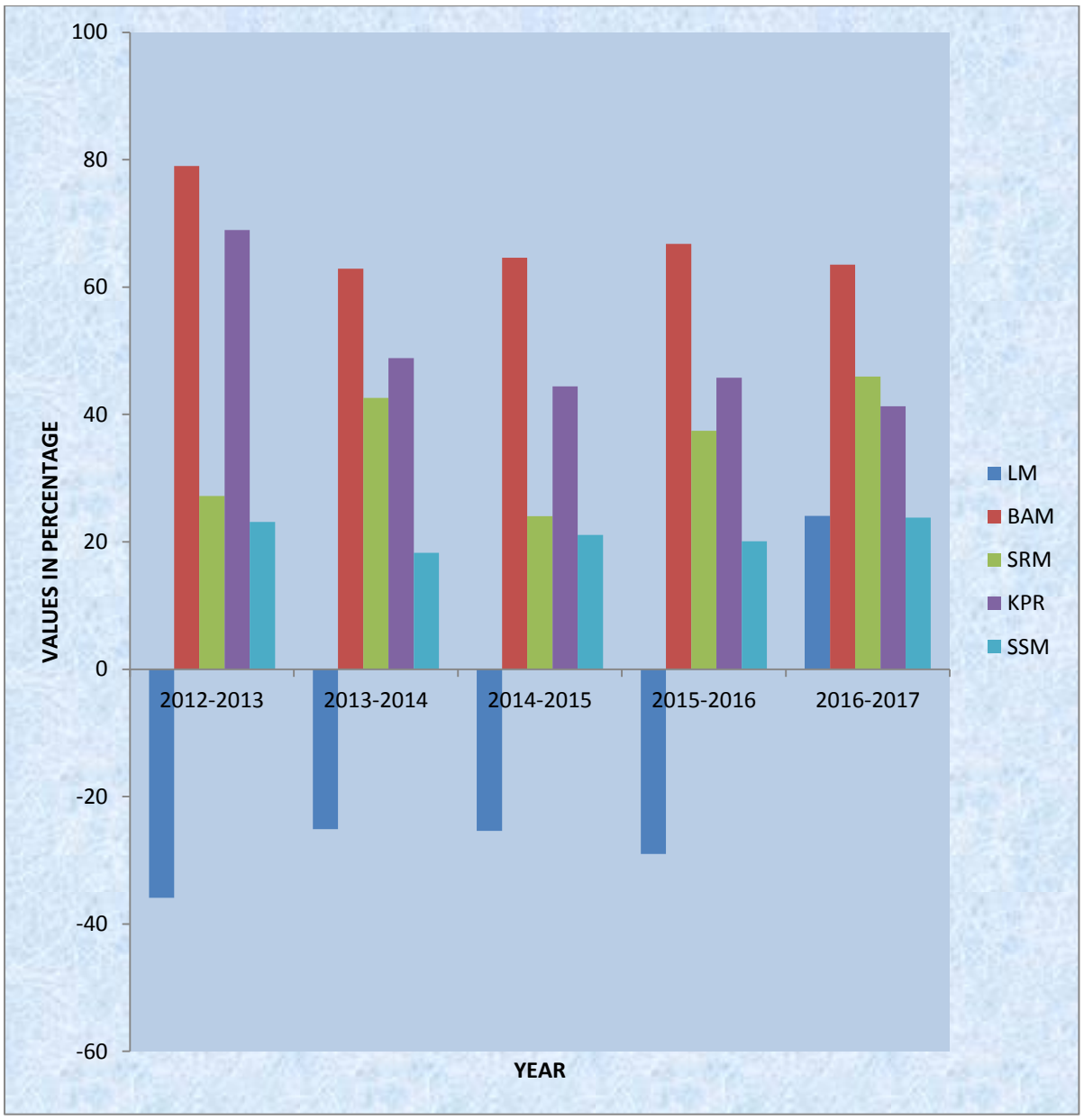


TABLE 8

OPERATING PROFIT RATIO

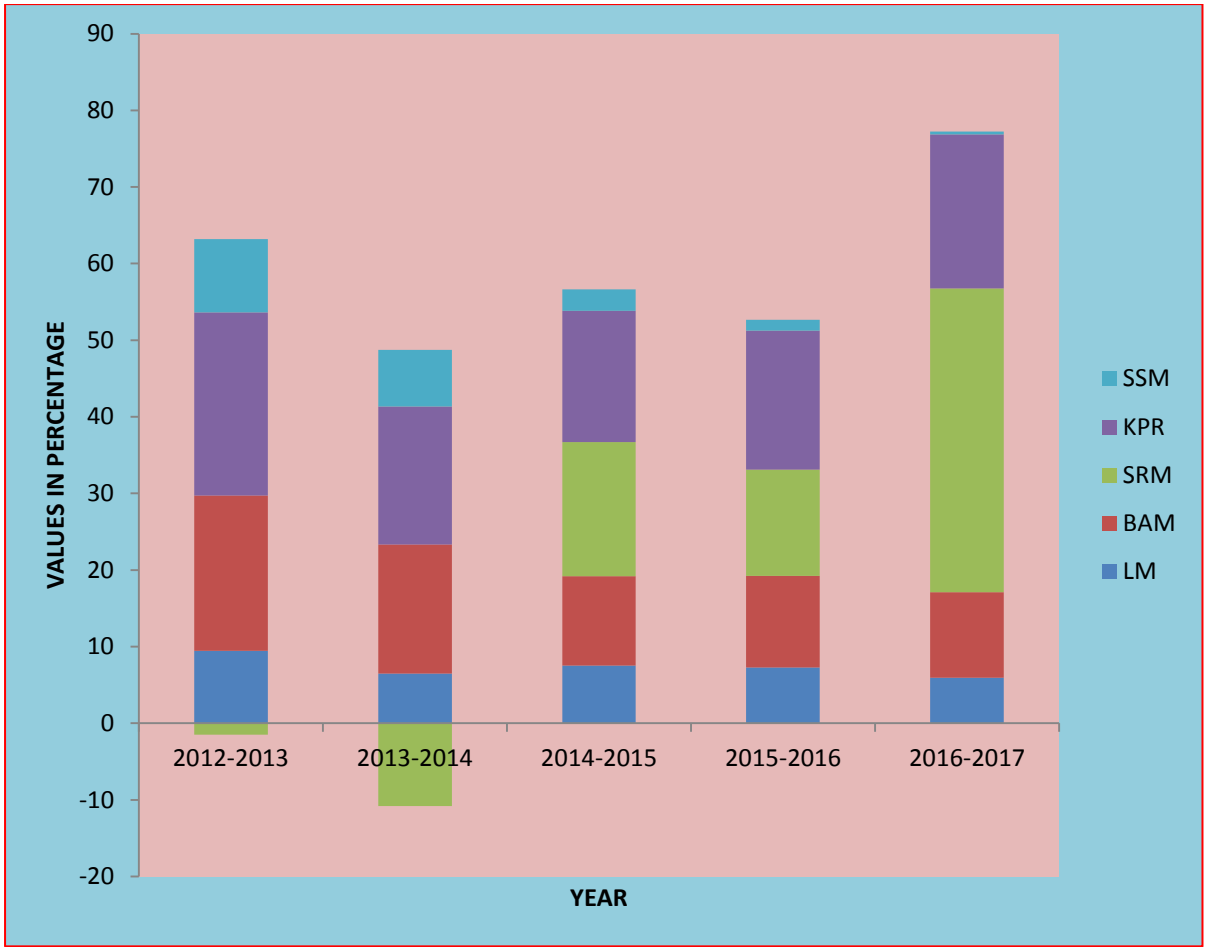
YEAR	LM	BAM	SRM	KPR	SSM
2012-2013	9.44	20.27	-1.48	23.90	9.59
2013-2014	6.51	16.84	-10.80	17.97	7.43
2014-2015	7.52	11.69	17.48	17.14	2.79
2015-2016	7.30	11.94	13.86	18.15	1.40
2016-2017	5.94	11.16	39.67	20.08	0.37
Mean	7.34	14.38	11.75	19.44	4.32

source: secondary data

The table 8 reveals that all the companies' Operating profit ratio is fluctuated throughout the period of study. The operating profit ratio of Lakshmi mill recorded 9.44 from in the year 2012-13 it decreasing as 5.94 in the year 2016-17, the average is 7.34. Similarly the operating profit ratio of Bannari Amman Spinning Mill shown 20.27 from in the year 2012-13 it decreasing as 11.16 in the year 2016-17, the average is 14.38. The operating profit ratio of sri Ramakrishna millrecorded-1.48 from in the year 2012-13 it fluctuating as 39.67 the year 2016-17, the average is 11.75. The operating profit ratio of KPR mill recorded 23.90 from in the year 2012-13 it decreasing as 20.08 in the year 2016-17, the average is 19.44 Similarly the operating profit ratio of super spinning mill shown 9.59 from in the year 2012-13 it decreasing as 0.37 in the year 2016-17, the average operating profit ratio is 4.32.It is concluding that there is no standard norm for Operating profit ratio is 75 to 85 percent may be considered to be a good ratio in case of manufacturing undertaking. Bannari Amman spinning mill limited has better position compared to all other companies.

EXHIBIT 8

OPERATING PROFIT RATIO



IV. ACTIVITYRATIO

TABLE 9

INVENTORY TURNOVER RATIO

YEAR	LM	BAM	SRM	KPR	SSM
2012-2013	1.28	12.54	3.15	10.71	8.78
2013-2014	1.60	10.41	1.27	8.12	8.41
2014-2015	1.71	9.20	0.733	7.32	11.07
2015-2016	1.46	8.77	0.98	7.36	9.07
2016-2017	1.66	9.69	0.46	7.23	8.91
Mean	1.5	10.12	1.32	8.15	9.25

source: secondary data

The table 8reveals that all the companies' inventory turnover ratio is fluctuated throughout the period of study. The inventory turnover ratio of Lakshmi mill recorded 0.21 from in the year 2012-13 it decreasing as 1.66 in the year 2016-17, the average is 1.5 Similarly the inventory turnover ratio of bannari amman spinning mill shown 12.54 from in the year 2012-13 it decreasing as 9.69 in the year 2016-17, the average is 10.12. The inventory turnover ratio of sri Ramakrishna mill recorded 3.15 from in the year 2012-13 it fluctuating as 0.46 the year 2016-17, the average is 1.32. The inventory turnover ratio of KPR mill recorded 10.71 from in the year 2012-13 it decreasing as 7.23 in the year 2016-17, the average is 8.15. Similarly the inventory turnover ratio of super spinning mill shown 8.78 from in the year 2012-13 it fluctuating as 8.91 in the year 2016-17, the average ratio is 9.25. It is concluding that there is no standard norm for inventory turnover ratio indicates the number of times the stock has been turned over during the period and evaluates the efficiency with which a firm is able to manage its inventory Bannari amman spinning mill limited has better position compared to all other companies.

EXHIBIT NO: 9

INVENTORY TURNOVER RATIO

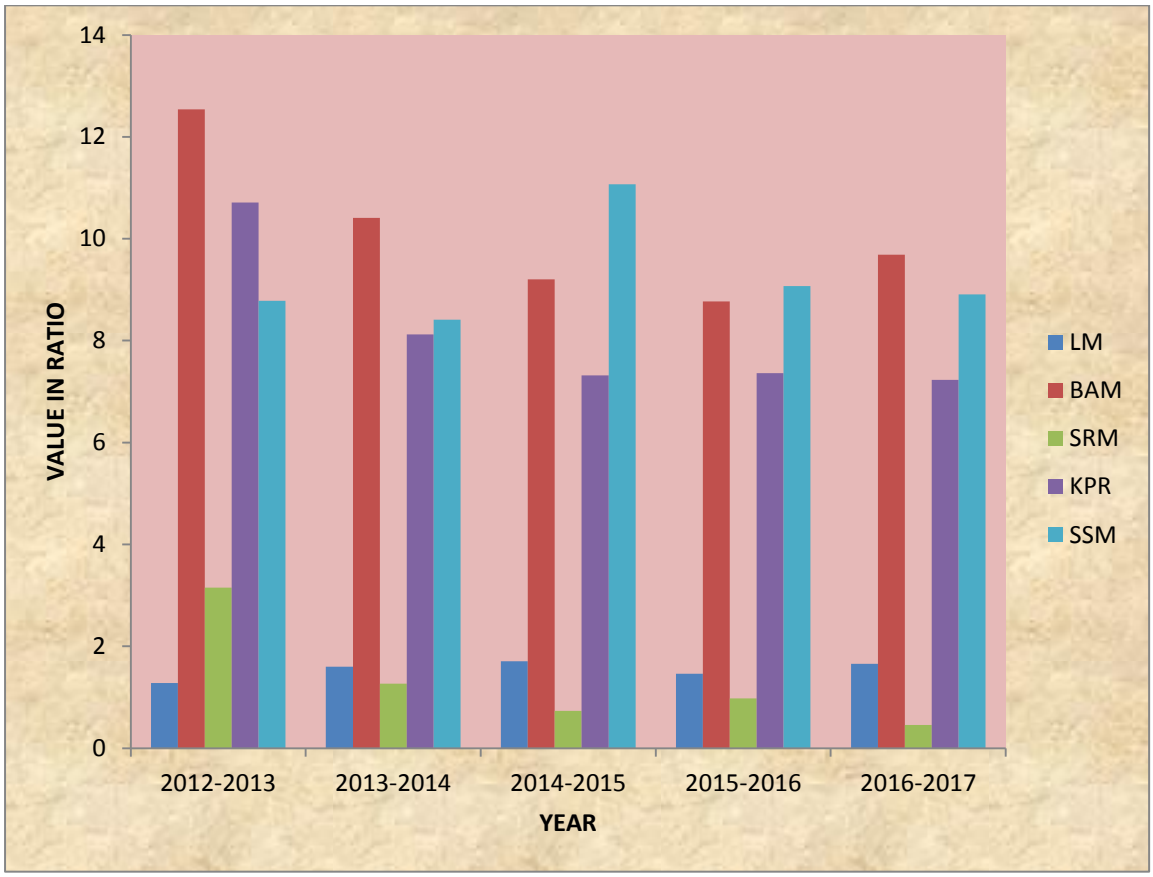


TABLE NO: 10

DEBTOR TURNOVER RATIO

YEAR	LM	BAM	SRM	KPR	SSM
2012-2013	7.18	12.54	8.22	10.83	10.71
2013-2014	9.06	10.41	11.10	10.20	12.01
2014-2015	11.06	9.20	11.36	9.31	11.68
2015-2016	9.23	8.77	12.25	7.39	13.05
2016-2017	8.74	9.69	5.85	10.40	24.77
Mean	9.05	10.12	9.76	9.63	14.44

Source: secondary data

The table 10 reveals that all the companies' Debtor turnover ratio is fluctuated throughout the period of study. The debtor turnover ratio of Lakshmi mill recorded 7.18 from in the year 2012-13 it increasing as 8.74 in the year 2016-17, the average is 9.05. Similarly the debtor's turnover ratio of bannari Amman spinning mill shown 12.54 from in the year 2012-13 it decreasing as 9.69 in the year 2016-17, the average is 10.12. The debtor turnover ratio of sri Ramakrishna mill recorded 8.22 from in the year 2012-13 it decreasing as 5.85 the year 2016-17, the average is 9.76. The debtor turnover ratio of KPR mill recorded 10.83 from in the year 2012-13 it fluctuating as 10.40 in the year 2016-17, the average is 9.63. Similarly the debtors turnover ratio of super spinning mill shown 10.71 from in the year 2012-13 it increasing as 24.77 in the year 2016-17, the average current ratio is 14.44.It is concluding that there is no standard norm for debtors turnover ratio as it may be different from firm to firm, depending upon the nature of business. Super spinning mill limited has better position compared to all other companies.

EXHIBIT 10

DEBTORS TURNOVER RATIO

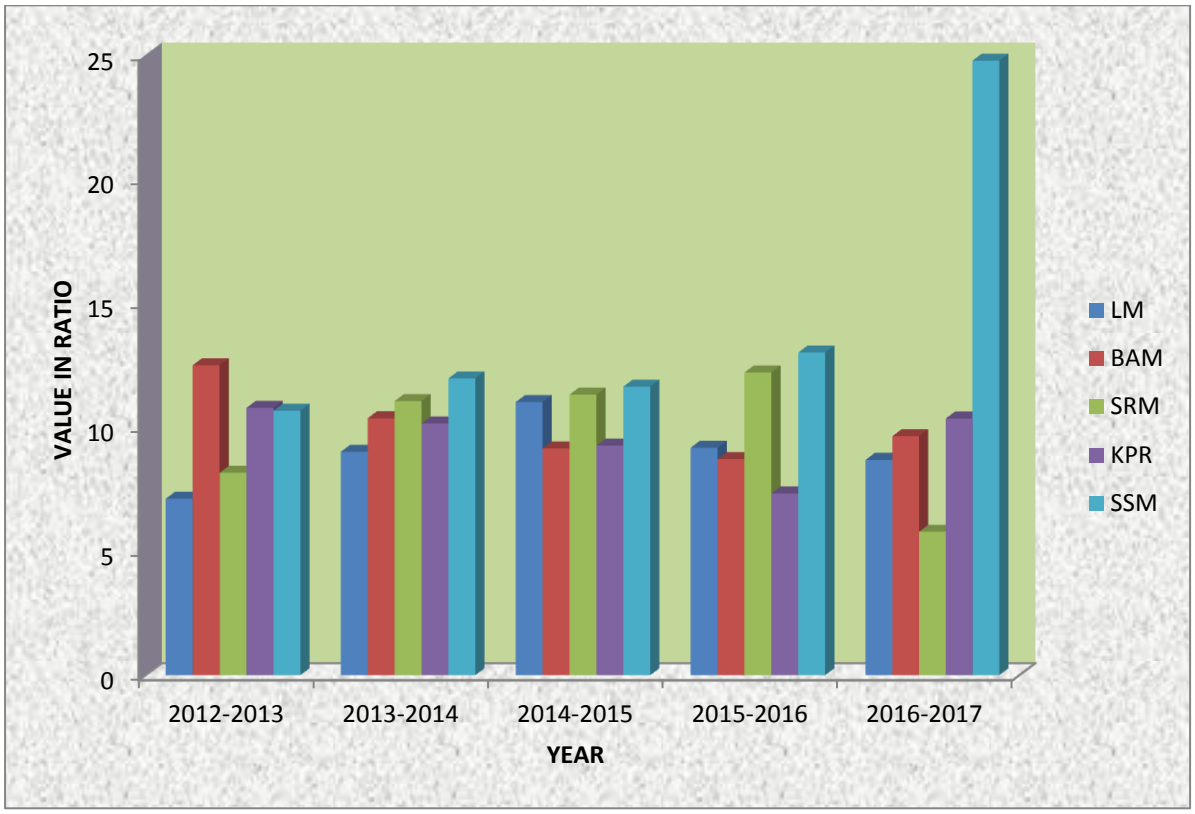


TABLE 11

MEAN

CATEGORY	VARIABLES	Mean				
		LM	BAM	SRM	KPR	SSM
LIQUIDITY RATIO	Current ratio	2.01	0.90	0.87	1.15	0.72
	Quick ratio	0.32	0.30	0.11	0.46	0.2
	Absolute liquid ratio	0.04	0.06	0.03	0.07	0.01
PROFITABLITY RATIO	Gross profit ratio	84.04	106.98	280.61	84.32	93.26
	Net profit ratio	-18.26	66.96	35.43	49.85	21.28
	Operating profit ratio	7.34	14.38	11.75	19.44	4.32
ACTIVITY RATIO	Inventory turnover ratio	1.5	10.12	1.32	8.15	9.25
	Debtors turnover ratio	9.05	10.12	9.76	9.63	14.44
SOLVANCY RATIO	Debt equity ratio	0.78	2.36	4.9	0.98	3.04
	Funded debt to total capitalization	0.30	0.61	0.70	0.46	0.64

Source: secondary data

The table 11 reveals that it is understood that the average of liquidity ratios (current ratio) Lakshmi mill shows an increase trend (2.01). (quick ratio) KPR mill shows an increase trend (0.46). (absolute liquid ratio) KPR mill shows an increase trend (0.07) from 2012-2017

which is less than normal current ratio of 2:1. It shows that the company not enjoys credit worthiness during this study period. The average profitability ratio (gross profit ratio) Sri Ramakrishana mill shows an increasing trend (280.61). (Net profit ratio) bannari Amman spinning mill shows an increase trend (66.96). (Operating profit ratio) KPR mill shows an increase trend (19.44) from 2012-2017. It indicates that the profitability position is good. The average solvency ratio shows (debt equity ratio) Sri Ramakrishna mill shows an increase trend (4.9). (Funded debt to total capitalization) Sri Ramakrishna mill shows an increase trend (0.70) from 2012-2017. The average Activity ratio shows (debtor's turnover ratio) super spinning mill shows an increase trend (14.44). (Inventory turnover ratio) bannari Amman spinning mill shows an increase trend (10.12) from 2012-2017. The overall mean shows by Sri Ramakrishna mill and KPR mill in good average. Profitability and solvency of Sri Ramakrishna mill is better.

EXHIBIT 11

MEAN

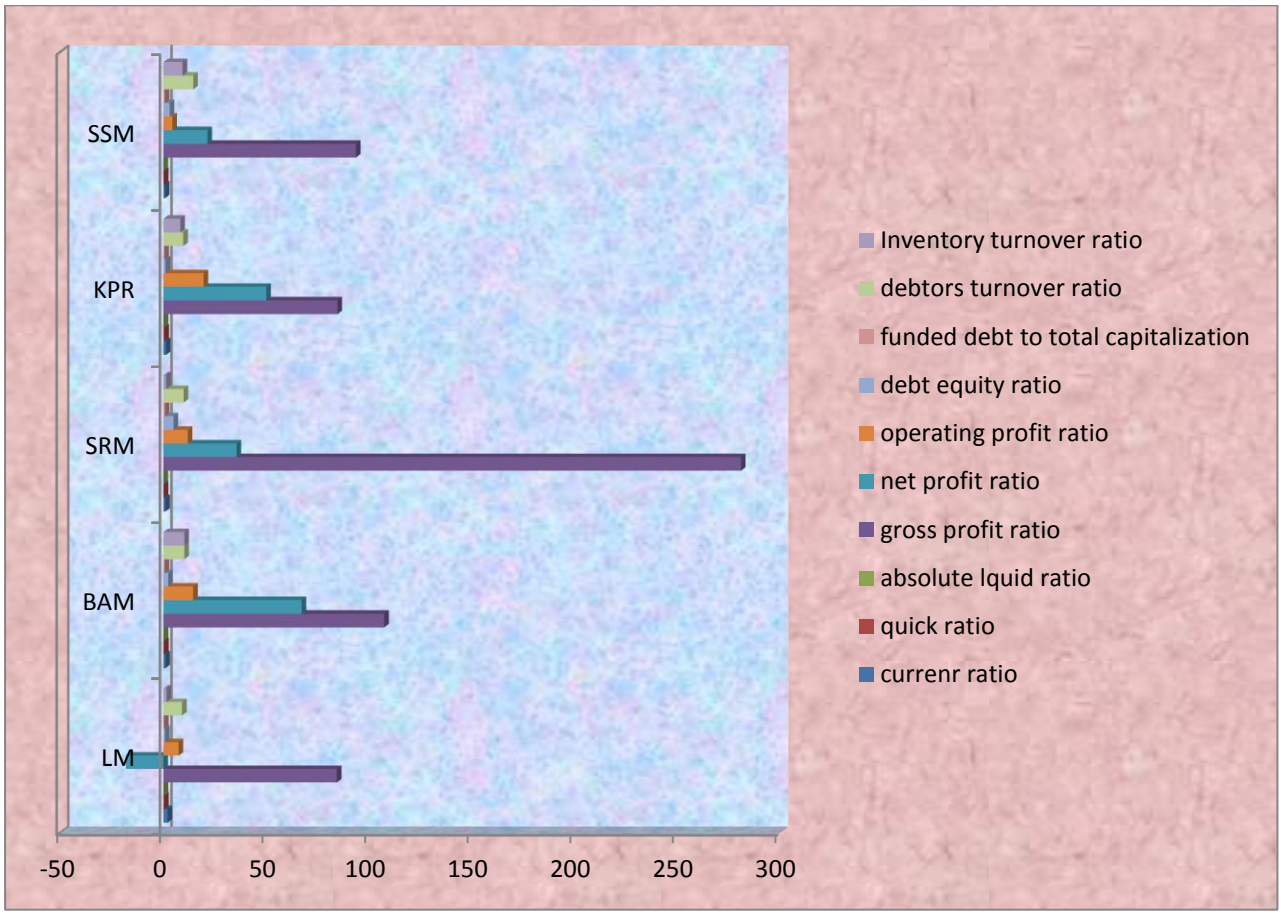


TABLE 12
STANDARD DEVIATION

CATEGORY	VARIABLES	Standard Deviation				
		LM	BAM	SRM	KPR	SSM
Liquidity Ratio	Current ratio	10.07	4.51	4.33	5.73	3.62
	Quick ratio	0.02	0.05	0.05	0.03	0.06
	Absolute liquid ratio	0.02	0.04	0.004	0.05	0.002
Profitability Ratio	Gross profit ratio	8.29	7.39	85.54	23.19	12.64
	Net profit ratio	24.07	6.79	9.54	11.02	2.25
	Operating profit ratio	1.33	4.01	19.37	2.71	3.99
Activity Ratio	Inventory turnover ratio	0.17	1.48	1.07	1.48	1.05
	Debtors turnover ratio	1.38	1.48	2.66	1.37	5.83
Solvancy Ratio	Debt equity ratio	0.05	0.09	2.69	0.30	0.19
	Funded debt to total capitalization	0.01	0.02	0.11	0.18	0.02

The table 12 reveals that it is understood that the standard deviation of liquidity ratios (current ratio) Lakshmi mill shows an increase trend (10.07). (Quick ratio) Super spinning

mill shows an increase trend (0.06). (Absolute liquid ratio) KPR mill shows an increase trend (0.05) from 2012-2017. It shows that the company not enjoys credit worthiness during this study period. The standard deviation of profitability ratio (gross profit ratio) Sri Ramakrishana mill shows an increasing trend (85.54). (net profit ratio) Lakshmi mill shows an increase trend (24.07). (Operating profit ratio) Sri Ramakrishna mill shows an increase trend (19.37) from 2012-2017. It indicates that the profitability position is good. The standard deviation of solvency ratio shows (debt equity ratio) Sri Ramakrishna mill shows an increase trend (2.69). (Funded debt to total capitalization) Sri Ramakrishna mill shows an increase trend (0.11) from 2012-2017. The standard deviation of Activity ratio shows (debtor's turnover ratio) super spinning mill shows an increase trend (5.83). (Inventory turnover ratio) bannari Amman spinning mill shows an increase trend (1.48) from 2012-2017. The overall standard deviation shows by Sri Ramakrishna mill and super spinning mill in good average. Profitability and solvency of Sri Ramakrishna mill is better.

EXHIBIT 12

STADARD DEVIATION

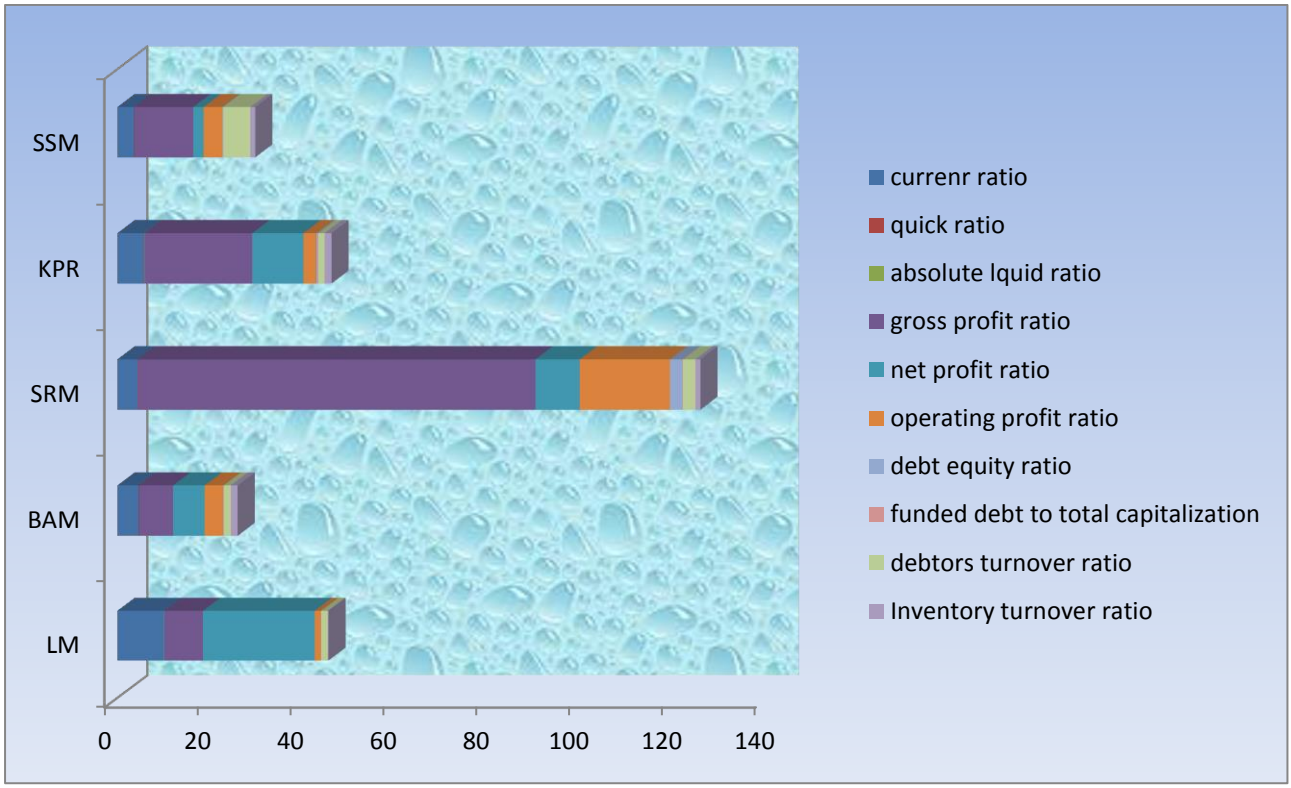


TABLE 13
COEFFICIENT OFVARIANCE

CATEGORY	VARIABLES	COEFFICIENT OF VARIANCE				
		LM	BAM	SRM	KPR	SSM
LIQUIDITY RATIO	Current ratio	500.99	501.11	497.70	498.26	502.78
	Quick ratio	5.60	17.57	43.88	6.45	32.13
	Absolute liquid ratio	41.83	63.46	14.91	71.71	21.68
PROFITABLITY RATIO	Gross profit ratio	9.87	6.91	30.48	27.50	13.55
	Net profit ratio	-131.82	10.13	26.92	22.11	10.59
	Operating profit ratio	18.14	27.88	164.83	13.95	92.53
ACTIVITY RATIO	Inventory turnover ratio	11.59	14.65	80.81	18.11	11.32
	Debtors turnover ratio	15.30	14.65	27.21	14.20	40.39
SOLVANCY RATIO	Debt equity ratio	6.21	4.02	54.87	30.8	46.37
	Funded debt to total capitalization	3.65	3.07	16.36	38.94	0.02

The table 13 it is understood that the coefficient of variance of liquidity ratios (current ratio) Super spinning mill shows an increase trend (502.78). (Quick ratio) Sri Ramakrishna mill

shows an increase trend (43.88). (Absolute liquid ratio) KPR mill shows an increase trend (71.71) from 2012-2017. It shows that the company not enjoys credit worthiness during this study period. Coefficient of variance of profitability ratio (gross profit ratio) Sri Ramakrishana mill shows an increasing trend (30.48). (net profit ratio) sri ramakrishna mill shows an increase trend (26.92). (Operating profit ratio) Sri Ramakrishna mill shows an increase trend (164.83) from 2012-2017. It indicates that the profitability position is good. The coefficient of variance of solvency ratio shows (debt equity ratio) Sri Ramakrishna mill shows an increase trend (54.87). (Funded debt to total capitalization) KPR mill shows an increase trend (38.94) from 2012-2017. The coefficient of variance of Activity ratio shows (debtors turnover ratio) super spinning mill shows an increase trend (40.39). (Inventory turnover ratio) Sri ramakrishna mill shows an increase trend (80.81) from 2012-2017. The overall standard deviation shows by sri Ramakrishna mill in good average. Profitability and solvency of Sri Ramakrishna mill is better compare to all other companies.

EXHIBIT NO:13

COEFFICIENT OF VARIANCE

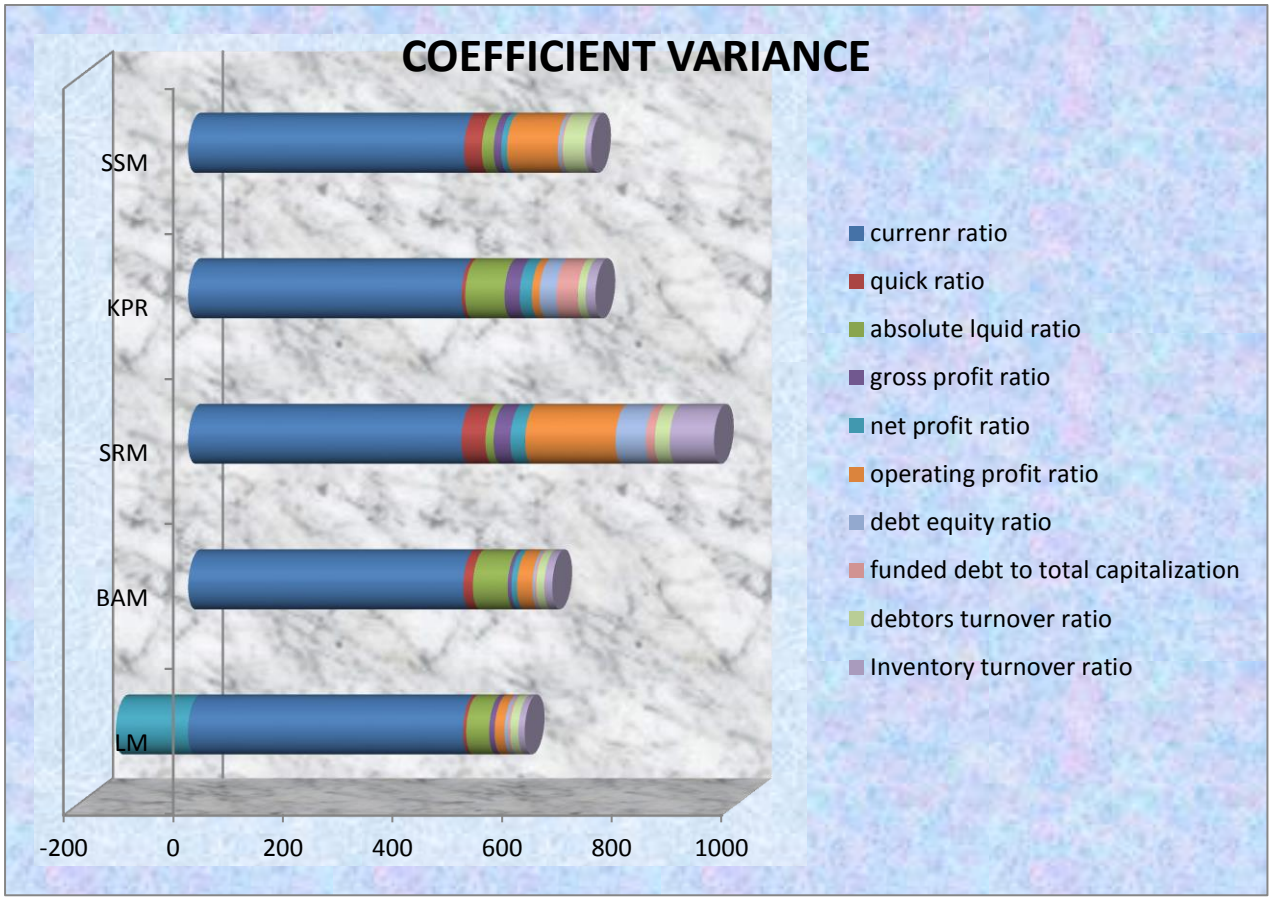


TABLE NO: 14

THE ESTIMATION OF FINANCIAL HEALTH OF THE TEXTILE COMPANIES (Z-SCORE ANALYSIS)

(LM, BAM, SRM, KPR, SSM) - Financial Health Measurement (Z-Score Analysis)

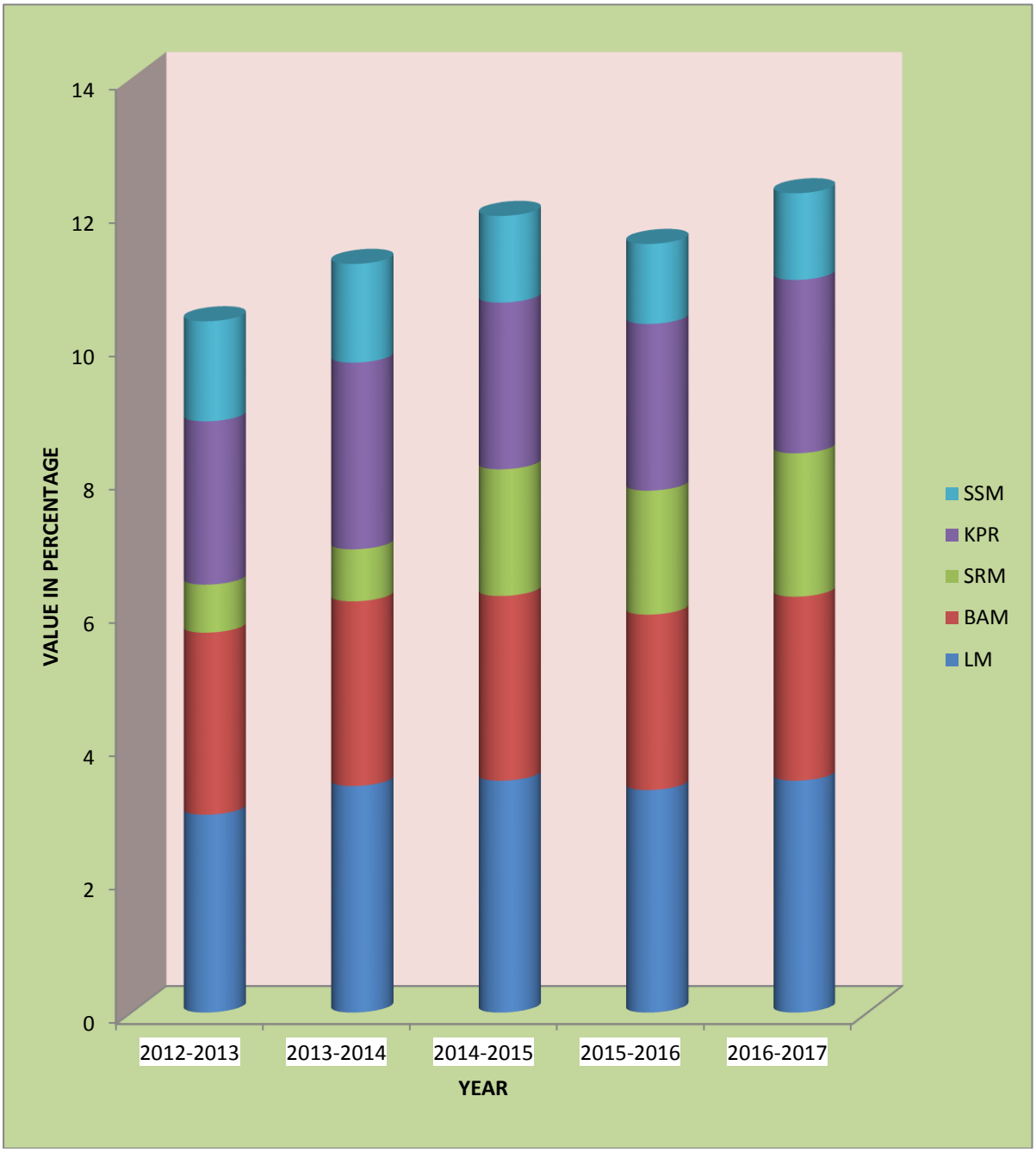
Year	Lakshmi mill	Sri ramakrishana mill	Kpr mill	Super spinning mill	Bannari amman spinning mill
2012-2013	2.96	2.73	0.72	2.45	1.50
2013-2014	3.39	2.77	0.78	2.8	1.48
2014-2015	3.47	2.77	1.90	2.5	1.3
2015-2016	3.33	2.63	1.86	2.5	1.2
2016-2017	3.47	2.76	2.15	2.6	1.3
MEAN	3.32	2.73	1.48	2.57	1.36
SD	0.21	0.06	0.68	0.14	0.13
CV	6.37	2.17	45.73	5.43	9.52

The table 4.14 shows a z-score of financial health of companies showed a fluctuating trend. The current ratio of Lakshmi mill recorded 2.96 from in the year 2012-13 it increasing as 3.47 in the year 2016-17, the average current ratio is 3.32. The standard deviation is 0.21 and coefficient variation 6.37 percent. Similarly the current ratio of sri Ramakrishna mill shown 2.73 from in the year 2012-13 it fluctuating as 2.76 in the year 2016-17, the average current ratio is 2.73. The standard deviation is 0.06 and coefficient variation 2.17 percent. The

current ratio of KPR mill recorded 0.72 from in the year 2012-13 it fluctuating as 2.15 the year 2016-17, the average current ratio is 1.48. The standard deviation is 0.68 and coefficient variation 45.73 percent. The current ratio of super spinning mill recorded 2.45 from in the year 2012-13 it fluctuating as 2.6 in the year 2016-17, the average current ratio is 2.57 The standard deviation is 0.14 and coefficient variation 5.43 percent. Similarly the current ratio of bannari Amman spinning mill shown 1.50 from in the year 2012-13 it fluctuating as1.3 in the year 2016-17, the average current ratio is 1.36. The standard deviation is 0.13 and coefficient variation 9.52 percent. The overall performance of the Lakshmi mill (3.32) is enjoying good financial health is higher than other companies from (2012-2017)

EXHIBIT NO: 14

Z-SCORE



CHAPTER-V

FINDINGS

Findings is an important and principal outcomes of a research project. This usually refers to the totality of outcomes rather than the conclusion or recommendations drawn from them. This chapter provides the summary of findings based on the analysis of the data collected. **"ANALYSIS OF FINANCIAL HEALTH OF SELECTED FIRMS IN TEXTILE INDUSTRY (WITH REFERENCE TO LAKSHMI MILL, BANNARI AMMAN SPINNING MILL, SRI RAMAKRISHNA MILL, KPR MILL AND SUPER SPINNING MILL)"** research study was carried out using the secondary data collected.

The findings of the analysis are presented in the following headings:

A. The liquidity, profitability and solvency position of Lakshmi mill, bannari amman spinning mill, sri ramakrishna mill, KPR mill and super spinning mill companies.
B. The financial performance of Lakshmi mill, bannari amman spinning mill, sri ramakrishna mill, KPR mill and super spinning mill companies
C. The assessment of financial health of the Companies by applying Z score analysis.

❖ **The liquidity, profitability and solvency position of Lakshmi mill, bannari amman spinning mill, sri ramakrishna mill, KPR mill and super spinning mill companies:**

The ratio analysis for the liquidity, profitability and solvency position of Lakshmi mill, bannari amman spinning mill, sri ramakrishna mill, KPR mill and super spinning mill companies from 2012-2017, indicates the following:

The liquidity ratios of Lakshmi mill are better when compared to other companies. Lakshmi mill shows an average current ratio of 2.01. Hence, it indicates that bannari amman spinning mill current ratio 0.90 sri ramakrishna mill 0.87 KPR mill 1.15 and super spinning mill 0.72 was not enjoying having much credit worthiness during the study period while compared to Lakshmi mill.

The profitability ratio sri ramakrishana mill had grown up while comparing with other companies. It maintains a gross profit (280.61), net profit ratio bannari amman spinning mill (66.96). Operating profit ratio KPR mill (19.44). Expenses ratio sri Ramakrishna mill (114.04) from 2012-2017. It indicates that the profitability position is good.

When comparing Lakshmi mill, bannari Amman spinning mill, Sri Ramakrishna mill, KPR mill and super spinning mill. Sri Ramakrishna mill (4.9) is in a Better Position. The Sri Ramakrishna mill was effectively managing the current assets. It will effectively utilize the assets and it collects the debts from debtors smartly. The working capital is also effectively used.

A. The financial performance of Lakshmi mill, bannari Amman spinning mill, Sri Ramakrishna mill, KPR mill and super spinning mill companies:

Generally, the overall financial performance of Sri Ramakrishna mill is in better when compared with other companies. The profitability ratio of KPR mill shows an increasing trend during the study period. The Lakshmi Mill Solvency position was better compare to other company's position . The financial performance was good in Sri Ramakrishna mill.

B. The assessment of financial health of the Companies by applying Z score analysis:

The assessment of financial health of the Companies by applying Z score analysis from 2012-2017, indicates the following:

In this Z score analysis, The Financial Health of Lakshmi mill is in a safer zone when compared with other company. The majority of the Z score value indicates that it is above the standard Z score of 3.32. The bannari amman spinning mill shows minimum Z score in all the years. Hence it is pretty sure that the bannari amman spinning mill is not having a good financial health. Lakshmi mill is on the safer zone for investment.

CONCLUSION

Financial performance is an important yardstick to measure a company's operational and financial efficiency. Efforts should be constantly made to improve the financial position. Efficient management on finance is very important for the success of an enterprise. In current scenario greater importance is given to financial performance. This aspect must form part of the company's strategic and operational thinking. LAKSHMI MILL, BANNARI AMMAN SPINNING MLL, SRI RAMAKRISHNA MILL, KPR MILL and SUPER SPINNING MILL are all the five textile industries which contribute more to the development of our economy. Hence, research study was undertaken on "Financial Performance of Select textile industries with Reference to Lakshmi mill, bannari amman spinning mill, sri ramakrishana mill, KPR mill and super spinning mill.

While, analyzing the overall financial performance of these five textile industries, Lakshmi mill, bannari amman spinning mill, sri ramakrishana mill, KPR mill and super spinning mill., it was found that the financial performance of sri ramakrishna mill is in better position when compared to all other companies.

This research study would help Lakshmi mill, Bannari Amman spinning mill, Sri Ramakrishana mill, KPR mill and super spinning mill. Companies to increase their financial performance. Efficient financial performance will help the economy to grow. These companies will contribute to the economic development of our nation.

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