

Profitability Assessment of Selected Textile Mills -A Study With Special Reference To Indian Textile Industry

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ABSTRACT

India's textile industry since its beginning continues to be predominantly cotton based with about 65 per cent of fabric consumption in the country being accounted for cotton. The financial performance of the industry can be studied with regard to various factors namely market place, competitiveness, technology, environment protection and strategic positioning. India earns about 30 per cent of its total foreign exchange through textile exports. Further, the textile industry of India also contributes significantly in the total industrial production of the country. The purpose of this study is to analyze the profitability of textile industry with the help of current ratio of selected textile mills for the period of 10 years from 2009-10 to 2017-18. The variables include PBIDT/Sales, Sales/Net Assets, PBDIT/Net Assets, PAT/PBIDT, Net Assets/Net Worth, ROE, Price Earning (P/E), Price to Book Value (P/BV), Price/Cash EPS (P/CEPS), EV/EBIDTA, Market Cap/Sales, Debt-Equity Ratio, Long Term Debt-Equity Ratio, Fixed Assets Turnover ratio, Inventory Turnover ratio and Debtors Turnover ratio. The dependent variable is current ratio and the analysis is performed on selected 10 textile companies which includes Vardhman Text, Trident, Nitin Spinners, Kallam Spinning, Rajapalayam, Ambika Cotton, Ginni Filaments, DCM, Vishal Fabrics and Super Sales. The financial year runs from 1st April to 31st March every year.

Keywords: India's textile industry, financial performance and financial year

1.1 INTRODUCTION

The Indian textile industry is extremely varied with major sectors such as the hand spun and hand woven sector, the capital incentive, sophisticated mill sector, and the decentralized Power