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PROFITABILITY ANALYSIS OF SELECT TEXTILE INDUSTRY IN INDIA

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Abstract
The Indian textile industry accounts for the economic growth. It contributes 13% of the country's export earnings. The domestic textile and apparel industry in India estimated to reach USD 100 billion by 2016-17 from the USD 100 billion in 2013-14. India's manufacturing sector used to account for only about ten percent of its GDP in the early 1950s, but currently it accounts for about nineteen percent. Objectives of the study, To examine the profitability analysis of growth trend of selected textile industries in India. Methodology of the study, The researcher marks the study of textile industries, situated in India, The following statistical tools have been used in this study. Ratio, percentage analysis and Inter Correlation. In order to select the textile industries to fulfill the purpose of study, only the 3 textile industries have been selected, based on the average paid up capital of 10 years from 2007-08 to 2016-17. Aravind Textile industries, Bombay dying and Grasim textile industries. Important suggestion of the study, In textile industries in the term interest of Bombay dying net profit is very low, other two companies net profit is satisfied. Hence these companies are advised to enhance their profitability of position through sound financial plan. Conclude this study, In a World that is fast losing its traditional boundaries and borders are becoming invisible, there is need to bring about technological improvement, structural changes, liberalization from controls and regulations, increased productivities of labour and machine and reliable quality assurance systems..

Key words: Profitability , Net profit, Textile etc.,

Profitability Analysis of Select Textile Industry in India

The Indian textile industry accounts for the economic growth. It contributes 13% of the country's export earnings. The domestic textile and apparel industry in India estimated to reach USD 100 billion by 2016-17 from the USD 100 billion in 2013-14. Exports in textiles and apparel from India are expected to increase to USD 65 billion by 2016-17 from USD 40 billion in 2013-14. The total fabric production in India is expected to grow to 112 billion square metres by 2016-17 from 64 billion square metres in 2013-14. India's fibre production in 2013-14 is 7 million tonnes and is expected to reach 10 million tonnes in 2016-17.

The textile industry has provided employment for more than 35 million people. It is expected to create more 47 million skilled workers by 2015. The skills for employment in apparel manufacturing (SEAM) programme trains youth to become sewing machine operators, garment checkers, garments finishers and spinning mill operators and weavers. Till now they have trained 1,02,289 and 89,679 workers in reputed textile firms[1].

Textile and clothing (T&C) industry would be the fourth industry to cross trillion dollar mark after Auto, Computer and Pharmaceutical sector. There is immense potential of growth with changing fashion and rising standard of living.US and EU would be the major importer countries of textile products.

Textiles Industries

Textiles mills in India are the manufacturing plants for producing woven textiles fabrics and related products. Textile mill industry can be recognized as one of the largest industries in India, providing employment to about 35 million workers. The writing of Macro Polo was the 13th century A.D. and of Tavernier in the 17th century stands testimony to the degree of excellence and perfection achieved by the textile industry in India. The cotton textile industry was the base on which India's industrialization was built more than a hundred years ago. The industry was started largely as a spinning enterprise and gradually developed into a full-fledged composite one.. Today textile sector accounts for nearly 14 per cent of the industrial output. Indian fabric is in demand with its ethnic, earthly colored and many textures. The textile sector accounts about 30 per cent in the total export. This conveys that it holds potential if one is ready to innovate. The textile industry is the largest industry in terms of employment. The textile sector in Tamil Nadu is predominantly in the private sector, spinning oriented and labor-intensive because of preponderance of the decentralized sector in most of the segment of the industry. The textile industry has a very important role to play in the industrial field with regard to employment potential, overall economic and commercial activities. This industry enables the central and state governments to earn substantial revenue besides foreign exchange through exports.

Selected Textile Industries

Arvind Ltd

Arvind Ltd was started in the year 1931. The company is headquartered in Ahmedabad, India. It is offering a range of products including Denim, Knits, Woven etc. It is one of the top denim manufacturers in India. The company is also running its retail and clothing chain.

Bombay Dyeing and Manufacturing Company Ltd

Bombay Dyeing and Manufacturing Company is one of the top textile companies in India. It was founded in the year 1879. It is Flagship Company of Wadia Group. It is offering wide range of products including Bed Linen, Furnishings, Towels.

Grasim Industries Ltd

Grasim Industries Ltd was founded in the year 1948 in Mumbai. Its headquarter is located in Mumbai, Maharashtra. It is the subsidiary of Aditya Birla Group. Grasim Industries is one of the world's largest producer of Viscose Staple Fiber. Aditya Birla Group is the parent company of Grasim Industries Ltd. It is exporting its products to various countries.

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Statement of the Problem

India's manufacturing sector used to account for only about ten percent of its GDP in the early 1950s, but currently it accounts for about nineteen percent. The sector was highly protected from both internal and external competition until the early 1990s, when the country embraced the new economic policy. Currently, the growth is estimated to be around US$ 52 billion and is projected to be around US$ 115 billion by the year 2012. The current domestic market of textiles in India is expected to increase to US$ 60 billion by 2012 from the current US$ 34.6 billion. The textile exports of the country were around US$ 19.14 billion in 2006-07, which saw a stiff rise to reach US$ 22.13 in 2007-08. The share of exports is also expected to increase from 4per cent to 7per cent by 2012. It is imperative to study the financial performance of this sector so as to guide the future policy makers to decide whether to continue, increase, and decrease or to drop the importance and assistance given to this sector. Therefore, the present study is undertaken to make the profitability analysis appraisal of the selected textiles industries in India.

In this study, the following questions were raised in the minds of the researchers.

1. What is the financial strength of textile industries in Coimbatore?
2. How to raise profit of textile industries?

Objectives of the Study

Basically, this study intends to access, compare, test and analyse the financial performance of the selected 3 companies of the textile industries. To fulfill the above status, this study has the following objectives.

1. To examine the profitability analysis of growth trend of selected textile industries in India
2. To offer suggestions on the basis of findings for the improvement of textile industries in India

Methodology

The financial data and information required for the study are drawn from the secondary source. The Prowess' corporate databases developed by CMIE (Centre for Monitoring Indian Economy). The researcher marks the study of textile industries, situated in India, The following statistical tools have been used in this study. Ratio, percentage analysis and Inter Correlation. In order to select the textile industries to fulfill the purpose of study, only the 3 textile industries have been selected, based on the average paid up capital of 10 years from 2007-08 to 2016-17. Aravind Textile industries, Bombay daying and Grasim textile industries. The period for this study covered ten years from 2007-08 to 2016-17 and the essential data for this period have been collected from three textile industries. The following variable have been taken for the study.

X1	PBDIT Margin (%)	X5	Return on Networth / Equity
X2	PBIT Margin (%)	X6	Return on Assets (%)
X3	PBT Margin (%)	X7	Total Debt/Equity (X)
X4	Net Profit Margin (%)	X8	Asset Turnover Ratio (%)

Limitations of the Study

Financial information collected for the present study is entirely secondary in nature. In such a case, the study carries all the limitations inherent with the secondary data and financial information. The study is restricted to selected textile industries only for the period of ten years. While computing the data for the purpose of analysis, the approximation of decimal places

leads to minor variations in ratios as well as percentage analysis and hence these are bound to exist in the present study. Various accounting and statistical tools extensively used for the present study have their own incidental limitations.

Analysis and Interpretation – Profitability Analysis

Table No.1

	Aravind	Bombay	Grasim	Aravind	Bombay	Grasim	Aravind	Bombay	Grasim
YEAR	**PBDIT**			**PBIT (%)**			**PBT (%)**		
2007-08	13.71	10.02	25.4	10.66	8.02	21.09	6.42	4.16	20.5
2008-09	16.91	12.53	20.71	14.2	10.69	15.73	8.3	-4.6	13.8
2009-10	18.28	12.99	15.99	15.87	11.02	11.85	9.14	1.46	10.8
2010-11	18.4	10.69	22.23	15.1	8.43	18.31	8.55	1.24	17.6
2011-12	17.99	14.36	28.97	14.01	11.7	25.94	6.91	4.19	29.1
2012-13	18.23	14.2	34.64	14.49	11.44	31.74	6.76	3.35	31
2013-14	16.33	14.39	39.15	12	11.05	35.35	5.02	1.41	34.4
2014-15	16.35	16.38	35.74	11.44	12.79	31.48	2.23	1.33	30
2015-16	9.14	2.44	25.72	3.94	-1.69	21.52	-5.18	-14	20.2
2016-17	14.73	13.08	33.64	8.55	9.29	30.19	0.55	1.92	29.2
Mean	**16.15**	**12.11**	**28.22**	**12.41**	**9.274**	**24.32**	**5.35**	**0.004**	**23.7**
SD	**3.02**	**3.868**	**7.478**	**3.63**	**4.132**	**7.808**	**4.47**	**5.64**	**8.1**
Kurtosis	**3.54**	**4.599**	**-1.06**	**3.78**	**6.659**	**-1.24**	**4.03**	**5.23**	**-1.4**
Skewness	**-1.88**	**-1.929**	**-0.12**	**-1.8**	**-2.44**	**-0.15**	**-1.94**	**-2.2**	**-0.3**
Range	**9.26**	**13.94**	**23.16**	**11.93**	**14.48**	**23.5**	**14.3**	**18.6**	**23.6**
CAGR	**-0.625**	**-0.14**	**-0.22**	**0.21**	**0.22**	**-.276**	**8.13**	**5.79**	**-.27**

Source: CMIE

The PBDIT,PBIT and PBT of the sample textile companies was shown in Table .
The mean value was the highest in Grasim Textile Ltd i.e., 28.22 followed by Aravind Industries Ltd i.e., 16.15.

PBDIT, PBIT and PBT of all the Bombay textile companies reflected that they were low the mean ratios in during the study period. Hence, it could be concluded that the PBDIT, PBIT and PBT was in a satisfactory position of three the companies.

The range of PBDIT,PBIT and PBT which worked out as 23.16 of Grasim textile Ltd. showed highest among selected textile companies in India for the present study. The compound annual growth rate of PBDIT,PBIT and PBT Aravind Textile Ltd had growth rate than the other companies (-6.25) showed highest negative growth rate in selected Grasim companies.

Table No.2

	Aravind	Bombay	Grasim	Aravind	Bombay	Grasim	Aravind	Bombay	Grasim
Year	**Return on Assets (%)**			**Total Debt/Equity (X)**			**Asset Turnover Ratio (%)**		
2007-08	3.78	0.89	7.85	0.87	5.52	0.03	83.3	36.7	52.1
2008-09	4.5	-1.94	5.61	0.97	5.4	0.13	76.3	42	52.9
2009-10	5.67	0.61	3.68	0.97	2.82	0.08	78.5	59.6	44.1
2010-11	5.98	0.64	6.45	0.95	2.27	0.1	79.1	70.6	40.4
2011-12	4.94	2	9.39	0.97	2.06	0.12	71.5	61.8	40.3
2012-13	9.39	1.65	10.66	0.93	1.96	0.07	75.6	62.2	45
2013-14	3.16	0.79	11.8	1.07	2.35	0.07	63	69.5	46.4
2014-15	1.38	0.79	22.42	1.4	8.44	0.15	61.9	71.8	88.3
2015-16	-3.34	-8.01	10.25	1.78	10.13	0.36	61.3	55.3	67.7
2016-17	0.69	0.77	15.78	1.35	3.58	0.39	59.2	43.6	72.4
Mean	**3.94**	**-0.181**	**10.39**	**1.1**	**4.453**	**0.15**	**72.3**	**57.3**	**54.9**
SD	**3.51**	**2.939**	**5.444**	**0.3**	**2.881**	**0.124**	**8.3**	**12.6**	**16**
Kurtosis	**2.09**	**6.793**	**1.782**	**3.13**	**0.141**	**0.874**	**-1.6**	**-1.2**	**0.55**
Skewness	**-0.84**	**-2.538**	**1.215**	**1.9**	**1.129**	**1.457**	**-0.36**	**-0.5**	**1.19**
Range	**12.73**	**10.01**	**18.74**	**0.91**	**8.17**	**0.36**	**22**	**35.2**	**48**
CAGR	**3.62**	**1.53**	**-.467**	**-.327**	**2.482**	**-.90.1**	**35.9**	**-.27**	**-.26**

Source: CMIE

The Return On Assets of The Sample Textile Companies Was Shown In Table
The mean value was the highest in Grasim Textile Ltd i.e., 10.39 followed by Aravind Industries Ltd i.e., 3.94. Return on Assets of all the Bombay textile companies reflected that they were low the mean ratios in during the study period. Hence, it could be concluded that the Return on Assets was in a satisfactory position of Aravind and Grasim the companies. The range of Return on Assets which worked out as 18.74 of Grasim textile Ltd. showed highest among selected textile companies in India for the present study. The compound annual growth rate of Return on Assets Aravind Textile Ltd had growth rate than the other companies (-4.67) showed highest negative growth rate in selected Grasim companies.

The Asset Turnover Ratio of The Sample Textile Companies Was Shown In Table
The mean value was the highest in Aravind Textile Ltd i.e., 72.3 followed by Bombay daying Industries Ltd i.e., 57.3. Asset Turnover Ratio of all the Grasim textile companies reflected that they were low the mean ratios in during the study period. Hence, it could be concluded that the Asset Turnover Ratio was in a satisfactory position of three companies. The range of Asset Turnover Ratio which worked out as 35.2 of Bombay daying textile Ltd. showed highest among selected textile companies in India for the present study. The compound annual growth rate of Asset Turnover Ratio Aravind Textile Ltd had growth rate than the other companies (-.27) showed highest negative growth rate in Bombay daying companies.

Table No.3

YEAR	Aravind	Bombay	Grasim	Aravind	Bombay	Grasim	Aravind	Bombay	Grasim
	Net Profit (%)			**Return on Networth / Equity (%)**			**Return on Capital Employed (%)**		
2007-08	4.54	2.43	15.07	8.35	10.33	9.61	6.08	1.8	8.97
2008-09	5.89	-4.62	10.61	11.6	-22.6	7.7	7.11	-3.3	6.77
2009-10	7.22	1.03	8.36	14.64	5.18	4.73	9.14	0.98	4.15
2010-11	7.56	0.91	15.98	15.3	5.17	8.27	9.34	1.19	7.25
2011-12	6.91	3.24	23.32	12.92	16.24	12.11	7.98	3.35	10.7

2012-13	12.42	2.66	23.68	25.13	14.31	12.93	15.6	2.57	11.8
2013-14	5.02	1.15	25.46	9.04	6.12	14.52	5.16	1.31	13.3
2014-15	2.24	1.1	25.39	3.88	8.75	29.31	2.06	1.2	26.4
2015-16	-5.45	-14.48	15.14	-11.2	-115	17.39	-5.19	-14	12.4
2016-17	1.17	1.78	21.79	1.86	4.21	27.43	0.96	1.47	19.8
Mean	**5.15**	**-0.48**	**18.48**	**9.96**	**-6.75**	**14.4**	**6.36**	**-0.4**	**12.2**
SD	**4.85**	**5.373**	**6.247**	**9.88**	**39.58**	**8.215**	**5.68**	**5.17**	**6.62**
Kurtosis	**2.99**	**5.908**	**-1.38**	**2.65**	**8.058**	**0.024**	**1.99**	**7.01**	**1.44**
Skewness	**-1.13**	**-2.402**	**-0.37**	**-0.99**	**-2.79**	**1**	**-0.69**	**-2.6**	**1.22**
Range	**17.87**	**17.72**	**17.1**	**36.36**	**131.5**	**24.58**	**20.8**	**17.6**	**22.3**
CAGR %	**2.38**	**2.44**	**-.28**	**2.86**	**8.45**	**-.61**	**4.27**	**2.06**	**-.51**

Source: CMIE

The Net profit of the sample textile companies was shown in Table The mean value was the highest in Grasim Textile Ltd i.e., 18.48 followed by Aravind Industries Ltd i.e., 5.15. Net profit of all the Bombay textile companies reflected that they were low the mean ratios in during the study period. Hence, it could be concluded that the Net profit was in a satisfactory position of Aravind and Grasim the companies, Bombay daying companies was not sastisfaction of net profit. The range of Net profit which worked out as 17.87 of Aravinndtextile Ltd. showed highest among selected textile companies in India for the present study. The compound annual growth rate of Return on Net profit Bombay daying Textile Ltd had growth rate than the other companies 8.45) showed hi Net profit ghest negative growth rate in selected Grasim companies. The Return on Networth / Equity (%) of the sample textile companies was shown in Table The mean value was the highest in Grasim Textile Ltd i.e., 14.4 followed by Aravind Industries Ltd i.e., 9.96. Return on Networth / Equity (%) of all the Bombay textile companies reflected that they were low the mean ratios in during the study period. Hence, it could be concluded that the Net profit was in a satisfactory position of Aravind and Grasim the companies, Bombay daying companies was not sastisfaction of net profit. The range of Return on Networth / Equity (%) which worked out as 131.5 of bombay daying textile Ltd. showed highest among selected textile companies in India for the present study. The compound annual growth rate of Return on Networth / Equity (%)Bombay daying Textile Ltd had growth rate than the other companies 8.45) showed highest negative growth rate in selected Grasim companies

Table No. 4, Inter correlation Analysis between Selected Variables With Profitability of Aravind Textile Ltd (R-Value And P Value)

Correlations										
		Y	X1	X2	X3	X4	X5	X6	X7	X8
Pearson Correlation	Y	1.000	.844	.872	.852	.993	.996	.999	-.867	.664
	X1	.844**	1.000	.974	.869	.887	.884	.857	-.759	.419
	X2	.872**	.974	1.000	.949	.901	.901	.886	-.844	.586
	X3	.852**	.869	.949	1.000	.871	.867	.868	-.953	.757
	X4	.993**	.887	.901	.871	1.000	.999	.994	-.878	.612
	X5	.996**	.884	.901	.867	.999	1.000	.997	-.868	.623
	X6	.999**	.857	.886	.868	.994	.997	1.000	-.877	.674
	X7	-.867**	-.759	-.844	-.953	-.878	-.868	-.877	1.000	-.795
	X8	.664*	.419	.586	.757	.612	.623	.674	-.795	1.000
Sig. (1-tailed)	Y	.	.002	.001	.002	.000	.000	.000	.001	.026
	X1	.002	.	.000	.001	.001	.001	.002	.009	.131
	X2	.001	.000	.	.000	.000	.000	.001	.002	.049
	X3	.002	.001	.000	.	.001	.001	.001	.000	.009
	X4	.000	.001	.000	.001	.	.000	.000	.001	.040
	X5	.000	.001	.000	.001	.000	.	.000	.001	.037
	X6	.000	.002	.001	.001	.000	.000	.	.001	.023
	X7	.001	.009	.002	.000	.001	.001	.001	.	.005
	X8	.026	.131	.049	.009	.040	.037	.023	.005	.

Source: CMIE

****Correlation is significant at the 0.01 level (p<0.01) *Correlation is significant at the 0.05 level (p<0.05)**

The table presents, the correlation coefficient matrices of the selected variables with the dependent variable, i.e., profitability of the selected textile company for the period from 2007-08 to 2016-17. In Aravind textile industries, it can be seen from the table – that seven variables namely X1 PBDIT (%),X2 PBIT (%) X3 PBT (%),X4 Net Profit,X5 Return on Net worth / Equity ,X6 Return on assets, Total Debt/Equity (X) and X9 Asset Turnover Ratio (%)have significant positive correlation with company profitability and the coefficients are .844,.872,.852,.993,.996,.999 and .664 respectively and remaining three variables namely X_7 Total debt and equity, have significant but negative correlation with company working capital -.867 respectively.

Table No.5,Correlation Analysis Between Selected Variables With Profitability of Bombay Daying Textile Ltd (R-Value And P Value)

		Y	X1	X2	X3	X4	X5	X6	X7	X8
Pearson Correlation	Y	1.000	.854	.890	.989	.996	.996	1.000	-.741	.238
	X1	.854**	1.000	.984	.790	.825	.872	.862	-.537	.371
	X2	.890**	.984	1.000	.828	.859	.912	.894	-.602	.259
	X3	.989**	.790	.828	1.000	.997	.979	.988	-.711	.182
	X4	.996**	.825	.859	.997	1.000	.989	.996	-.726	.234
	X5	.996**	.872	.912	.979	.989	1.000	.995	-.719	.215
	X6	.999**	.862	.894	.988	.996	.995	1.000	-.743	.257
	X7	-.741*	-.537	-.602	-.711	-.726	-.719	-.743	1.000	-.240
	X8	.238	.371	.259	.182	.234	.215	.257	-.240	1.000
Sig.(1-tailed)	Y		.002	.001	.000	.000	.000	.000	.011	.268
	X1	.002		.000	.006	.003	.001	.001	.068	.162
	X2	.001	.000		.003	.002	.000	.001	.043	.250
	X3	.000	.006	.003		.000	.000	.000	.016	.319
	X4	.000	.003	.002	.000		.000	.000	.013	.272
	X5	.000	.001	.000	.000	.000		.000	.015	.289
	X6	.000	.001	.001	.000	.000	.000		.011	.252
	X7	.011	.068	.043	.016	.013	.015	.011		.267
	X8	.268	.162	.250	.319	.272	.289	.252	.267	

****Correlation is significant at the 0.01 level (p<0.01) *Correlation is significant at the 0.05 level (p<0.05)**

The table presents, the correlation coefficient matrices of the selected variables with the dependent variable, i.e., profitability of the selected textile company for the period from 2007-08 to 2016-17. In Bombay Daying textile industries, it can be seen from the table – that seven variables namely X1 PBDIT (%),X2 PBIT (%) X3 PBT (%),X4 Net Profit,X5 Return on Networth / Equity ,X6 Return on assets , Total Debt/Equity (X) and X8 Asset Turnover Ratio (%)have significant positive correlation with company profitability and the coefficients are .854,.890,.852,.989,.996,.999 and .238 respectively and remaining three variables namely X_7 **Total debt and equity,** have significant but negative correlation with company working capital -.741 respectively

Table No.6correlation Analysis between Selected Variables with Profitability Of Grasim Textile Ltd (R-Value And P Value)

		Y	X1	X2	X3	X4	X5	X6	X7	X8
Pearson Correlation	Y	1.000	.751	.731	.683	.722	.974	.997	.430	.847
	X1	.751**	1.000	.998	.975	.949	.695	.778	.121	.361
	X2	.731**	.998	1.000	.985	.960	.679	.760	.118	.323
	X3	.683*	.975	.985	1.000	.981	.629	.715	.085	.237
	X4	.722**	.949	.960	.981	1.000	.651	.758	.054	.261
	X5	.974**	.695	.679	.629	.651	1.000	.955	.615	.871
	X6	.997**	.778	.760	.715	.758	.955	1.000	.368	.816
	X7	.430	.121	.118	.085	.054	.615	.368	1.000	.598
	X8	.847**	.361	.323	.237	.261	.871	.816	.598	1.000
Sig. (1-tailed)	Y		.006	.008	.015	.009	.000	.000	.108	.001
	X1	.006		.000	.000	.000	.013	.004	.369	.153
	X2	.008	.000		.000	.000	.015	.005	.372	.181
	X3	.015	.000	.000		.000	.026	.010	.408	.255
	X4	.009	.000	.000	.000		.021	.006	.441	.233
	X5	.000	.013	.015	.026	.021		.000	.029	.001
	X6	.000	.004	.005	.010	.006	.000		.148	.002
	X7	.108	.369	.372	.408	.441	.029	.148		.034
	X8	.001	.153	.181	.255	.233	.001	.002	.034	

****Correlation is significant at the 0.01 level (p<0.01) *Correlation is significant at the 0.05 level (p<0.05)**

The table presents, the correlation coefficient matrices of the selected variables with the dependent variable, i.e., profitability of the selected textile company for the period from 2007-08 to 2016-17. In Bombay Daying textile industries, it can be seen from the table – that seven variables namely X1 PBDIT (%),X2 PBIT (%) X3 PBT (%),X4 Net Profit,X5 Return on Net worth / Equity ,X6 Return on assets , Total Debt/Equity X_7 Total debt and equity and X8 Asset Turnover Ratio (%)have significant positive correlation with company profitability and the coefficients are .854,.890,.852,.989,.996,.999 and .238 respectively

Suggestions of the Study

As a researcher on the basis of analysis, the researcher has found the following suggestions for the betterment of the selected spinning mills

1. In textile industries in the term interest of Bombay daying net profit is very low, other two companies net profit is satisfied., Hence these companies are advised to enhance their profitability of possition through sound financial plan.
2. Out of three companies, two companies have sufficient profitability and financial position. Bombay daying companies should improve the financial position.
3. These companies and low financial position companies should concentrate, to advised to enhance their profitability position through proper guidance of debt and equity.
4. The company should try to increase the production so as to reap the economies of large-scale production. It will assist in raising the rate of return on capital employed. The management should try to utilize their production capacity fully in order to reduce factory overheads and to utilize their fixed assets properly.
5. In order to increase the financial efficiency of the companies, it is suggested to control the cost of goods sold and the operating expenses. The management should try to adopt cost reduction techniques in their companies to get over this critical situation. Company should find out other alternatives for reduce power and fuel cost. To strengthen the financial efficiency, long-term funds have to be used to finance core current assets and a part of temporary current assets. It is better if the companies can reduce the over sized short term loans and advances and eliminate the risk by arranging finance regularly.

Conclusion

The inherent strengths of the textile industry have seen the textile industry through rough days and hard times. There have been many periods of adversity, when growth charts have dipped and it has appeared that misfortune will overtake. Today, rapid changes in the World trading system have endangered the stability of the textile industries and created an atmosphere of uncertainty and turbulence in the industry. But it is also a fact that turbulence is necessary for any change in the system. In a World that is fast losing its traditional boundaries and borders are becoming invisible, there is need to bring about technological improvement, structural changes, liberalisation from controls and regulations, increased productivities of labour and machine and reliable quality assurance systems..

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