

A STUDY ON FINANCIAL ANALYSIS OF TRIVANDRUM SPINNING MILLS

Submitted in partial fulfillment of the requirements for the award
of

MASTER OF BUSINESS ADMINISTRATION

By

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**DEPARTMENT OF BUSINESS
ADMINISTRATION SCHOOL OF
MANAGEMENT STUDIES**

SATHYABAMA

**INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)**

**Accredited with Grade "A++" by NAAC I 12B Status by UGC I
CATEGORY - 1 UNIVERSITY BY UGC I Approved by AICTE
JEPPIAAR NAGAR, RAJIV GANDHI SALAI, CHENNAI -600119**

December 2023



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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the Bonafide work of **REMYA D K, 42410187** who carried out the Project Training “**A STUDY ON FINANCIAL ANALYSIS OF TRIVANDRUM SPINNING MILLS**” under my supervision from October 2023 to December 2023.

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ACKNOWLEDGEMENT

I am pleased to acknowledge my sincere thanks to Board of Management of **SATHYABAMA** for their kind encouragement in doing this project and for completing it successfully. I am grateful to them.

I convey my sincere thanks to **Dr. G. Bhuvaneswari, MBA., Ph.D., Dean - School of Management Studies** and **Dr. A. Palani, M.Com., M.Phil., M.B.A., Ph.D., - Head - School of Management Studies** for providing me necessary support and details at the right time during the progressive reviews.

I would like to express my sincere and deep sense of gratitude to my Project Guide **DR.,YAMUNA** for her valuable guidance, suggestions and constant encouragement paved way for the successful completion of my project work.

I wish to express my thanks to all Teaching and Non-teaching staff members of the **School of Management Studies** who were helpful in many ways for the completion of the Training.

REMYA D K

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ABSTRACT

This study is important for understanding the management of financial statement in Trivandrum spinning mills which provide information about profitability and financial position of a business. It includes two statements, i.e., profit loss a/c or income statement and balance sheet or position statement. It gives information on the basis of analysis about percentage of investment in each current asset cause for changes in working capital from different sources amount of working capital required. The firm's trade creditors are interest in the firm ability to meet their claim over a short period of time. So they required the evaluation of the firm's liquidity position. The suppliers of the long-term debt on the other hand of concerned with the long-term resolutions and survival. They analyses the firm profitability over time.

The present study is intended cover a period of 4 years from 2018-2019 to 2021-2022 for examining the cash management receivable management manages the short-term investment and also investor's management for the purpose of ratio and trend analysis of Jet Ink private limited.

Financial ratios serve as essential indicators, enabling stakeholders to make informed decisions regarding investments, leading and operational strategies. This study investigates various categories of financial ratios, including liquidity, profitability, solvency and efficiency to gain insights into the financial stability and efficiency of a company.

The methodology involves the collection of financial data from a diverse sample of companies across different industries, followed by a systematic analysis of these data using various financial ratios. The study not only highlights the significance of these ratios. The study not only highlights the significance of these ratios but also emphasizes the importance of benchmarking against industry averages and historical data.

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CHAPTER 1

INTRODUCTION

1.1 Financial Performance:

Finance is one of the most primary requisites of a business and the modern management obviously depends largely on the efficient management of the finance. Financial statements are prepared primarily for decision making. They play a dominant role in setting the framework of managerial decisions. The finance manager has to adhere to the five R's with regard to money. Whether owned or borrowed funds. At the right time to preserve solvency from the right sources and at the right cost of capital. Financial statement analysis refers to the process of determining financial strengths and weakness of the firm by establishing strategic relationships of the item of the Balance sheet, Profit and Loss account and other operative data.

The performance of an organization is evaluated through the analysis of the financial statements. The basis of for financial planning, analysis and decision making is the financial information. Financial statements are often an important source of information for financial decisions. Balance sheet shows the financial position of a firm at a given point of time. The Profit and Loss account reflects the performance of the firm over a period of time. The cash flow statement displays the sources and uses of cash during the period.

Finance consists of financial systems, which include the public, private and government spaces, and the study of finance and financial instruments, which can relate to countless assets and liabilities. Finance aim to price the assets best their risk level, and expected rate of return. Some prefer to divide the finance into three distinct categories Public Finance, Corporate Finance and Personal Finance,

Financial management means planning, organizing, directing and controlling the financial activities such as procurement and utilization of funds of the enterprise. It means applying general management principles so financial resources of the enterprise. Financial refer to formal original statements prepared by a business concern to disclose its financial statements information. They are prepared for the purpose of presenting periodical review or report of the

progress made by the concern I shes the state of the investment in the business and results achieved during the accounting period. Thus, the financial statements provide a summarized view of a financial position and operations of a firm. The analysis of financial statement is an important aid to financial performance analysis. The purpose of financial statement analysis is to diagnose the information contained in financial statement so as to judge the profitability and financial soundness of the firm.

1.1.1 Meaning of Financial Performance:

Financial performance in broader sense refers to the degree to which financial objectives being or has been accomplished and is an important aspect of finance risk management. It is the process of measuring the results of a firm's policies and operations in monetary terms. 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.

1.1.2 Definition of Financial Performance:

Financial performance refers to an assessment of the viability, stability and profitability of a business, sub-business or project. It is performed by professionals who prepare reports using ratios and other techniques, that make use of information taken from financial statements and other reports. These reports are usually presented to top management as one of their bases in making business decisions. Financial performance determine if a business will

1. Continue or discontinue its main operation or part of its business.
2. Make or purchase certain materials in the manufacture of its product.
3. Acquire or rent/lease certain machineries and equipment in the production of its goods.
4. Issue shares or negotiate for a bank loan to increase its working capital.
5. Making decisions regarding investing or lending capital.
6. Make other decisions that allow management to make an informed selection on various alternatives in the conduct of its business.

1.1.3 Financial Performance Analysis:

Financial performance analysis includes analysis and interpretation of financial statements in such a way that it undertakes full diagnosis of the profitability and financial soundness of the business. The financial analyst program provides vital methodologies of financial analysis.

1.1.4 Types of Financial Performance Analysis:

Financial performance analysis is often carried out to accelerate growth and improvement in a business organization. Here are some financial performance analyses that evaluate a business's finance-related activities, offering a holistic improvement solution.

- Working capital analysis
- Financial structure analysis
- Activity analysis
- Probability analysis

Working capital analysis

Working capital refers to the organization's ability to complete its short-term liabilities with the help of current assets. Often, working capital is used to determine the liquidity of the organization. Furthermore, working capital or net working capital helps determine the company's financial health and operational efficiency.

Analyzing working capital helps in understanding the complete operational potential of the business besides helping managers to foresee financial difficulties that may arise. It is also used to show stakeholders the organization's financial picture through challenging periods.

Financial structure analysis

The financial structure comprises debt and equity that businesses use to finance their assets. Private and public companies use different financial structures to record their debt and equity-related transactions. Financial structure analysis helps in finding the right capital opportunities for your business. Interestingly, in some cases, financial structure analysis can help you decide which organization type to choose – public or private

Activity analysis

Activity analysis is summarized as evaluating different processes like costing, pricing, distribution, etc. It is a systematic evaluation that determines the suitability and performance of a business function or activity. In addition, activity analysis is focused on determining whether the activity will achieve its goals.

Probability analysis

Probability analysis is used to forecast the future events of the market. They help foresee business losses and uncertain market conditions way ahead of others. Therefore, probability analysis is an effective technique for companies with few current assets. It is sometimes used for analyzing past losses and more.

1.1.5 Significance of financial performance analysis:

The analysis of financial performance is used by most of the business communities. They include the following:

1. Trade Creditors:

The creditors provide goods and services on credit to the firm. They always face concern about recovery of their money. The creditors are always keen to know about the liquidity position of the firm. Thus, the financial performance parameters for them evolve around short term liquidity condition of the firm.

2. Suppliers of long term debt:

The suppliers of long term debt provide finance for the on-going / expansion projects of the firm. The long term debt providers will always focus upon the solvency condition and survival of the business. Their confidence in the firm is of utmost importance as they are providing finance for a longer period of time.

3. Investors:

Investors are the persons who have invested their money in the equity share capital of the firm. They are the most concerned community as they have also taken risk of investments-expecting a better financial performance of the firm. The investor's community always put more confidants in firm's steady growth in earnings. They judge the performance of the company by analyzing firms present and future profitability, revenue stream and risk position.

4. Management:

Management for a firm is always keen on financial analysis. It is ultimately the responsibility of the management to look at the most effective utilization of the resources. Management always tries to match effective balance between the asset liability management, effective risk management and short-term and long-term solvency condition.

1.2 Needs of the study:

Financial statement analysis is an important tool for measuring the financial performance of the company. The main aspect of analyzing the financial performance the company is to find out the liquidity and working capital management.

1.3 Objective of the study:

- To compare the financial performance of the last five years of Trivandrum spinning mills.
- To study the utilization of current assets and current liabilities.
- To give suggestions based on findings.

1.4 Scope of the Study:

The project was mainly carried out to know the financial performance of Trivandrum Spinning Mills Ltd. It helps to find out the past as well as the present financial position of the organization. The study is confined to review the performance of the company for the period of five year from 2018 to 2022 revealed from the financial data of Trivandrum Spinning Mills Corporation Annual Report. As such the main objective was to determine the liquidity. Profitability and solvency of the company.

CHAPTER 2

REVIEW OF LITERATURE

This part represents the review of those studies that have been carried out in the financial performance.

Rao (1993) discussed in his research about Financial appraisal of Indian Automotive Tyre Industry'. Main objective of study was intended to probe into the financial condition-financial strength and weakness-of the Indian tyre industry. He has been measured and evaluates the financial performance through inter-company and inter-sector analysis for the period of 1981-1988. He has found that the fixed assets utilisation in many of the tyre undertakings was not as productive as expected and inventory was managed fairly well. He has considered that the tyre industry's overall profit performance was subjected to inconsistency and ineffective. He has suggested some recommendations to improve financial performance.

Rao (1993) has made a study about inter-company financial analysis of tea industry-retrospect and prospect. He wished to analyses the important variables of tea industry and projected future trends regarding sales and profit for the next 10 year periods, with a view to help the policy makers to take appropriate decisions. He have been calculated various financial ratios for analyzing the financial health of the industry. After the comparison of ratios, he has concluded that the forecast of sales and profits of tea manufacturing showed that the Indian tea industry has bright prospects. He has also 3/40 that the recent changes in the Indian economic policies may boost up one foreign exchange earnings, which may benefit those companies, which are exporting to hard currency areas.

Pai, Vadivel& Kamala (1995) have studied about the diversified companies and financial performance. Main purpose of research was found out the relationship between diversified firms and their financial performance. For the purpose of research, they have selected seven large firms and analysed those firm which having different products-both related and otherwise-in their portfolio and operating in diverse industries. In this study, a set of performance measures / ratios was employed to determine the level of financial performance and variation in performance from

one firm to another has been observed and statistically established. They revealed that the diversified firms studied have been healthy financial performance.

Vijayakumar A. (1996) has studied about Assessment of Corporate Liquidity – a discriminate analysis approach’ in this research he has revealed that the growth rate of sales, leverage, current ratio, operating expenses to sales and vertical integration was the important variables which determine the profitability of companies in the sugar industry. Also he has studied the short- term liquidity position in twenty-eight selected sugar factories in co-operative and private sectors. In research a discriminate analysis has been used by the researcher, to undertaken to distinguish the good risk companies from poor risk companies based on current and liquidity ratios. In this study discriminating ‘Z’ scores have been calculated with the help of discriminate function and according to the ‘Z’ scores the companies are ranked in the order of liquidity.

Loundes (1998) studied on his research paper regarding “performance of Australian Government Trading Enterprises: An overview”. He has provided an overview of GTE performance over the 5 years to 1996 using the IBIS Enterprise Database, following the method of analyzing firm performance as outlined by the steering committee (1998). He has made comparative analysis and its results indicate that there are large differences in performance across firms, and more particularly, across the industries. Assessing the performance of Government Trading Enterprises (GTES) has become increasingly important in the context of the push towards privatisation.

Dhankar (1998) has studied about the criteria of performance measurement for business enterprises in India study of public sector undertakings. The author gives a new model for measuring the performance of a business enterprise in India, wherein, the basis is to compare its actual rate of return with its expected risk adjusted rate of return. Realizing the importance and controversy of public sector in India, an attempt was made to measure the performance of all public sector undertakings, which were started up to 1964 and were in operation until 1983. It is shocking to know that half of them on an average want to talk of making excess returns, have not been able to earn equal to their cost of capital.

Sengupta (1998) studied concerning the performance of the fertilizers industry in India. By Analysing of cost functions and cobb-douglas production function have been made to check the performance of the industry. Analysis of shifting cost functions further highlight that the firms

belonging to this industry expand capacities, even before fully exploiting the existing capacity conforming to the oligopolistic behavioural tendency of the firms belonging to the fertilizers industry. The results showed that the industry was subject to the law of increasing costs. He founded that, to get further support from the examination of the production function, which revealed that the average productivity of labour exceeds its marginal productivity...

D'Souza & Megginson (1999) have studied concerning the financial and operating performance of privatized firms during the 1990s. They made comparison about the pre and post privatization financial and operating performance of 85 companies from 28 industrialized countries that were privatized through public share offerings for the period from 1990 to 1996. They have noticed that the significant increases in profitability, output, operating efficiency, dividend payments and significant decreases in leverage ratios for the full sample of firms after privatization. They have also concluded that the capital expenditures increase significantly in absolute terms, but not relative to sales and Employment declines, but insignificantly. As per findings, they strongly recommended that privatization yields significant performance improvements.

Raghunathan & Das (1999) have discussed in their paper regarding corporate performance of post-Liberalization. They analysed the performance of Indian Manufacturing sector in the last 8 years since liberalization on the parameters of profitability, liquidity, leverage and solvency. They also observed that the solvency and profitability ratios were encouraging till 1996 they have been gradually diminishing after that and this problem gets more pronounced when the EVA was calculated which showed that the Indian Manufacturing sector has destroyed wealth, while the MNCs have generated wealth for their shareholders. They have pointed out after the analysis; the poor corporate performance has led to an economic slowdown and not the other way round and corporate raised funds during the blacken days of equity markets and ended up investing these funds at below their cost of capital. In short, the outcome has been a prolonged economic slowdown.

Nitsure & Joseph (1999) have studied about, "Liberalisation and the Behaviour of Indian Industry (A Corporate Sector Analysis based on Capacity Utilisation), and examined the impact of economic reform on productive capacity creation and utilization across various industries in the nineties. They analyzed the determinants of capacity use such as credit flows, import

liberalization, fiscal consolidation and demand conditions, using panel 35 data for 802 firms for the period 1993-98 to suggest an optimum combination of policies that is critical for realizing the unused capacity. They suggested that although substantial achievements occurred initially in creation and utilization of capacities in the various industries, there was significant room for further improvement in utilization.

Rajeswari (2000) studied about the Liquidity Management of Tamil Nadu Cement Corporation Ltd. Alangulam-A Case Study. She concluded from the analysis; the liquidity position of TANCEM was not stable. After the comparative analysis regarding liquidity ratios, she has found there was too much of liquidity in the first two years of the study period and also a very high degree of liquidity was also bad as idle assets earn nothing and affects profitability. In short, she concluded that the liquidity management of TANCEM is poor and is not satisfactory.

Aggarwal & Singla (2001) have studied about developed a single index of financial performance through the technique of Multiple Discriminate Analysis (MDA), by selecting 11 ratios and selected ratios used as inputs. For the purpose of analysis they selected only those ratios, which was relevant in distinguish between profit making units and loss making units in Indian paper industry. They concluded that, the model has correctly classified 82.14 percent of units selected as profit making and loss marking. They mentioned in their study the inventory turnover ratio, interest coverage ratio, net profit to total assets and earnings per share are the most important indicators of financial performance. Also they suggested suggests that the results of Multiple Discriminate Analysis could be used as predictor of future profitability/ sickness.

Sur (2001) studied in his paper about the Liquidity Management: An overview of four companies in Indian Power Sector using the data for the period of 1987-1988 to 1996-1997. He had applied accounting techniques of comparative analysis regarding the liquidity management in Electricity generation and distribution industry. He revealed that the overall liquidity should be managed in such a way that not only it should not hamper profitability but also its contribution towards increase in profitability should be positive.

CHAPTER 3

INDUSTRY PROFILE

India is one of the chief producers and purchaser of cotton in the world. With the preamable of cotton and enhanced crop management practices, the average cotton succumb has increased from 300 kg/hectare to 550 kg hectare About 90% of cotton mounting area is now occupied with cotton. Cottons show advanced micro naire and lower level of trash than their non-counterparts. The lowest amount support price set by the administration was often found inadequate by the farmers as their cost of cultivation has gone high due to increase in input costs

3.1 TEXTILE INDUSTRY IN INDIA

India is a traditional textile producing country with textiles in universal, and cotton in fastidious, being chief industries for the country. India is surrounded by the world's top producers of yarns and fabrics, and the export superiority of its products is ever escalating. Textile Industry is one of the biggest and oldest industries in India. Textile Industry in India is a self-reliant and independent industry and has enormous diversification and adaptability. The textile industry can be roughly classified into two categories, the organized mill sector and the unorganized decentralized sector. The organized sector of the textile industry represents the mills. It could be a spinning mill or a composite mill. Composite mill is one where the spinning, Weaving and processing facilities are carried out less than one covering. The decentralized sector is occupied chiefly in the weaving activity, which makes it heavily dependent on the organized sector for their yarn requirements. This decentralized sector is comprised of the three major segments viz., power loom, handloom and hosiery. In addition to the above, there are ready-to-wear garments, Khaki as well as carpet manufacturing units in the decentralized sector. The Indian Textile Industry has an overwhelming presence in the economic life of the country.

3.2 COMPOSITE MILLS IN INDIA

The composite mill sector has been stagnating approximately since independence. The total number of composite mills which 276 in 1950-51. Rise slightly to 291 by the year 1970-71. After which it started declining to 266 in 1993-94 since then it has again marginally to 276 in 2002-03. After which it ongoing again dilapidated to 198 in 2012-13. The weaving capacity of

the organized mills sector stagnated for a number of years, largely because the government policy acceptable only a marginal expansion in the weaving capacity of the organized mill sector. Even with the taking away of the restrictions on the manufacture of capacities, as mentioned in the textile policy of June 1985, the weaving capacity has been constantly declining since 1987-88. Thus between 1980-81 and 1999-2000, the weaving facility has declined nearly by 41 per cent. But after 1999-2000, the weaving capacity has been erratically declining to 184 in 2009-10 from the year 1999-00 it started slowly mounting up to 209 in 2002-03.

3.3 SPINNING MILLS IN INDIA

Indian spinning industry is one of the biggest in the world with around 50 million spindles. Installed ability of rotors in the country is around 8 lakh. India has the second highest Spindle age after China and contributes to about 25 per cent divide in globe trade of cotton yarn. Cotton continues to be the leading fiber addicted by the textile industry. Cotton textiles contribute to over 60 per cent of Indian textile exports. India is biggest yarn exporter in world and mainly exports to China, Korea Republic, Bangladesh, Egypt, Taiwan, Hong Kong, Turkey, Japan, Israel, European Union and Mauritius. India produces yarn of wide range of counts, which varies from two to 120s Ne and mainly dominated by cotton yarn. Other than 100per cent cotton yarn, cotton is spun with other fibres to manufacture blended yarns. Some of the major blended yarns exported from this country are polyester/cotton, cotton/viscose and acrylic/cotton Small Scale Spinning Mills an addition to the spinning and amalgamated mills in the organized sector, of late, great number of tiny scale spinning mills (the spinning mills having 6000 or less spindles are termed as small scale spinning mills) have come up, predominantly in Tamil Nadu in and around Coimbatore. There were 1035 SS1 with an installed capacity of 4286451 spindles and rotors in 2012-13. It has provided employment to 41122 persons.

3.4 SPINNING MILLS IN VARIOUS STATES OF INDIA

The spinning mills are broadening out in 16 states in India. They contrast from state to state. The highest of spinning mills is positioned in Tamil Nadu where as the lowest amount is in Assam. Workers in Spinning Mills and Composite Mills in India.

The number of workers on rolls in spinning mills is confidential as those in small scale and non small scale mills. Here employees on roll mean the labors worked in a mixture of

categories of spinning mills in India. During the research period workers on rolls was most significant role.

3.5 SPINNING MILLS IN TAMILNADU

The textile industry in south India Ltd traditional mills in different centres but a determined expansion took place only in Coimbatore area in Tamil Nadu, because of the availability of amenities like moderate climate growing of cotton, abundant labour, good transport facility both by road and rail and adequate power from pykara hydel station. The first mill in Coimbatore namely the Coimbatore spinning and weaving mills India was customary in 1888. This was followed by the Kaleeswaran mills ltd in 1907 and by the Sri Rangavilas ginning, spinning and weaving mills ltd, in 1922 and the Radha Krishnan mills Ltd in 1923. These mills depended on power from steam. In about 1933 pykara hydro electric power was made existing at cheap rate and this gave a momentum to the 63 starting of more mills. The south India mill owners Association was founded in 1933. The organization can take real pride for the steps in had taken for establishing a textile research institute in the south (SITRA) at Coimbatore. The association has been on behalf of the mills in general matters, individually and cooperatively. For any important matters, mills typically lookup to the parent body for help. It has been co operating with the state and central Govt. and has responded to the invitations from them for nominate representative to the various committees and bodies selected from time to time.

Indian cotton spinning industry

India spinning industry has gone from strength since a very long time now as it was the hub of cotton manufacturing. Cotton is not only consumed to the highest extent in India but it has also become one of the most profitable textiles in the export industry.

Spinning in India can be classified into 2 categories medium and long staple. But there was a shortfall in the extra- long category that continued for many years. There was a massive downfall in the cotton spinning in India during 2004-2005. The production rate of cotton was about 4 lakh bales that was less by 5 lakh bales from the required rate which was 9lakh bales. Mr. P. D. Patodia, the chairman of the standing committee on cotton, CITI-CDRA said that the manufacturing of cotton will rise to 11-12 lakh bales in 2010.

The present downfall in the cotton production has witnessed a 50% increase in the price of India varieties of ELS, which is detrimental for the spinning industry in India. Spinning mills required domestic accessibility of ELS Cotton in increased quantity and of better fiber qualities.

To survive this downfall in the cotton Trade which is a highly profitable textile in the India spinning industry, CTTI-CDRA is conducting a conference with various research organizations such as CICR (Nagpur), JNKVV (Khandwa), UAS (Dharwad), and regional Textile Mills' Association in R&D activities. It conducted a discussion pertaining to the development of new varieties of seeds and adopting the advanced procedure of cultivation which will add to the profit in the cotton textile sector of the spinning industry. The most important and efficient step towards the resurgence of cotton manufacturing would be to develop the ELS varieties with lesser duration crops and yield to cost-effectiveness and consistency in cultivation. This will not only motivate the farmers but will also make them stick to the desired sector of cotton crop.

The yarn spinning Industry covers almost 25 percent of the total industrial production of one of the world's 10 largest economies. Trends are reviewed every year in accordance with the need and fashion. An elaborate and detailed assessment is made on various sectors of the yarn spinning such as, production, consumption, and materials. The legislative and the political consequences are also reviewed at the same time. In addition to it, other areas that are being reviewed in the yarn spinning sector are exports, imports, prices, advertising, and sales promotion patterns.

India is the largest export of cotton yarn in the international markets having a share of 25% in the world cotton yarn exports. Textiles industry in India has contributed about 4% in GDP next to agriculture and generates about 27% of total foreign exchange. Industry being capital and labor intensive employs more than 35 million people.

China having more than 67 million spindles covers 50% of the world market share, whereas India has 38 million spindles out of which 70% are 10 years old and covers only 13-14% of the market. Thus India needs to have additional spindles. India has surplus raw materials to the tune of 325 lakhs bales, out of which home consumption is nearly 260 lakhs bales the surplus being exported instead of value addition.

Textile in south India

South India is well known for its natural beauty, but alone famous for its textile industry. Coimbatore, Tirupur, Salem and Erode all four major cities of Tamilnadu have their contribution in the growth of his industry. All these major cities are very much known for different products. Coimbatore, a city residing in the hills of Nilgiris is a second largest in Tamilnadu. This is also known as a cotton town. Kovai is the other name of Coimbatore. It has a flare of cotton production because of the black soil of that land which suits cotton growing. If Coimbatore is known for cotton production, Tirupur is known for knitting, Tirupur is also known as a knit city. It is 50 kms far away in the east from Coimbatore. Tirupur has many cotton ginning factories and has main cotton market of Tamilnadu. 35 countries are buying from Tirupur and they are visiting that regularly. Tirupur is the only city which is doing 56% of knitwear export alone. That is the reason why it is known as Town of export excellence. Tirupur is very near to Coimbatore and that is an advantage for it. Because of its nearness to Coimbatore, Tirupur gets benefits of cotton growing. The city Erode is known for handloom weaving and carpet manufacturing. It also has large scale cotton ginning mills. Erode alone with Salem is known as the home of textile weavers.

Coimbatore, Tirupur, Salem and Erode, these four are known as textile belt of south India and the export revenue it generates is more than 25,000 core. In it the share of only Tirupur is 11,000 crore and the expected rise is 20-25percent. The expected flow of investment is 90,000 crore in this region in various textile activities during next five years. Rs.50000 core will be used only for the textile industry of the Coimbatore region. The future plan is till 2012 with the hope of increase in export and production of textile is 270000 core and 495000 core. This belt has 2,000 textile mills, large and small both.

Coimbatore is known as the Manchester of South India. It has above 600 cotton mills which manufacture blended yarns and cotton. The production of fabric is done by 10-15 mills, some of them are Akshaya Textiles, Gobald, KPM Tectiles, KG Dnim, Prime Textiles, Southern Textiles, Hindustan Textiles, Lakshmi mills, Gangotriand Premier. Among them branded ones are very few. Tiber brand is owned by Gangotri mills, it is a national leve brand. Another national level brand is Trigger which is owned by KG Denim. Most of the Textile Mills of South India have joined South India Textile Research Association known as SITRA. This association helps the textile units in research and development. Some companies have their own research

and development units. SITRA works for the welfare of the textile units of this region and submits 2-3 projects every year to the ministry of textiles.

Above 100 mills have closed in Coimbatore and in its suburbs in the last ten years. The reason for this closure is wrong estimates and frequent changes in policies of exports. With the quota system they have a hope for bright future prospects.

Cotton is the crop growing in this region because of the lack of soil and so the farmers started cultivating the cotton crop and it was the start of industrialization. Growing and cultivating of cotton prospered during the 1920s-1930s. Now-a-days the crop cultivated in the southern region of this belt is only 3-5 percent. Though there is a decline during 1930, Tamilnadu makes 50 percent production of cotton yarns in the country. The yarn which has 100 counts is high quality cotton whereas 10s, 20s and 30s are other varieties of cotton yarn.

Reasons in favour of textile industry in South India

- Availability of raw materials, most of the state producing the cotton. The best stable varieties of cotton here.
- Hydel power availability. Although deficient in coal, these states have plentiful supply of water power. It is cheap and convenient.
- High density of population.
- Labour-cheap and skilled labour availability.
- Climate is highly suitable.
- Transport facility. Major ports are Chennai, Kochi and Vishakhapatnam.

Important centres of the textile industries are Coimbatore, Madurai, Thirunelveli and Chennai. The largest concentration is in Coimbatore which deserves to be called the “Manchester of South India”.

3.6 GLOBAL COTTON SPINNING INDUSTRY

Cotton has been cultivated by man for several thousand years. Primarily used by the textile sector, cotton is praised as “white gold”, enjoying a predominant position among all cash crops. Global cotton consumption has increased with an average of 2%. Developing countries a major portion of the cotton output.

International Cotton Scenario

- World cotton production this year is estimated at 25.5 million tonnes. World cotton consumption is estimated at 24 million tonnes. Surplus expected of 1.5 million tonnes.

- China now has 3 million tonnes of accumulated cotton reserves. Will slow down on buying further for their reserves.
- Top cotton producers of the world are India, China and USA that account for 63% of the cotton produced.
- Top cotton consumers of the world are China, India and Pakistan which account for 67% of the cotton consumed globally.

Internationally cotton business is controlled by big merchants/traders. Big merchants are classified as companies handling annually 200000 tonnes per year. The number of such big companies has fallen 22 in the past to 10 years. This figure shows that there is consolidation happening and the number of international merchants is going down however the top 10 handle more volume than what was earlier handled by 22. The trend also shows the bigger companies will keep on growing bigger taking a bigger market share while the smaller ones will cease to exist.

Important factors which will influence international cotton prices are:

- Oil prices
- Business climate
- Exchange rates
- Government trade policies (like that of India as when Indian bans cotton export prices tend to go up).

CHAPTER 4

COMPANY PROFILE

Trivandrum spinning mills limited is also known as “Balaramapuram spinning mills”. It was set up under the ownership of the State government, at Balaramapuram Trivandrum which is considered to be the core place for the unique production of traditional varieties of handloom textiles for the contemporary cloth wearing style of Kerala. The foundation stone having been laid in 1957 the mill started production in 1962 with the social objective of catering to the raw material needs of the handloom sector. It had also been instrumental in the overall socio-economic growth of the nearby localities and turned out to be a prestigious organization of the state and the Geographical indicator of this region. However, it became sick later due to various macro and micro economic variables. In spite of the revival efforts in the year 1995, the unit had to be closed down in 1998.

The assets of the mill were taken over by the official liquidator appointed by the honorable High court of Kerala in 2004, and liquidation proceeding were initiated.

As part of the attempt to revive the industrial units, the Government of Kerala took steps in 2007 to re-open Trivandrum spinning mills with a view to fulfilling the social objective for which the mill had been established. At the instance of the government Kerala state textile corporation ltd took steps to revive the mill and converted the same to a brand-new Open End (OE) spinning mill with state-of-the-art technology machines imported from countries namely Czech Republic, Germany and peoples Republic China under EPCG (Export promotion Capital Goods) scheme. This project is unique in the following ways:

- First open-End spinning project in the state
- Raw material requirement can be broadly catered to by the PSU spinning mills of the state. (Input cost competitiveness)
- Increased machine and labour productivity
- Development of latest process Technology.
- Operators are qualified hands.

The project when fully streamlined is expected to achieve sales turnover worth about INR ten cores a year. The unit is capable of providing employment to 50 persons directly and 100 persons indirectly. The manpower deployed is recruited (on contract basis) keeping in mind the level of sophistication incorporated in the process machines.

Yarn produced by the mill is of high quality, meant for niche markets for producing value added fabrics.

This is also a project which, unlike other PSU spinning unit will be having raw material source within the state.

Nature of Activity:

This is a spinning mill in production and distribution of yarn to different parts of the country from waste cotton.

Product profile:

The raw material waste cotton is transferred into yarn through mixing, blowing, Carding, drawing and open-end spinning. The yarn produced is of different qualities in between 6s to 22s OE yarn, the yarn is used for the production of furnishing clothes and demines

In TSM mainly 10s OE yarn are producing each unit having 2kg weight.

Raw materials:

In TSM waste cotton is used to produce yarn in between 6s to 22s. This cotton waste raw material is received from:

- Kottayam Textiles
- Edarikkode Textiles
- Prabhram mills
- Cannanore co-operatives
- Thrichure co-operative
- Malappuram co-operative spinning
- private mills producing 30s to 60s cotton yarn

Since the raw material is the waste of other cotton spinning mills, it is available in a low cost. The cotton received by mill is weighted and records the of each bale.

Features of TSM:

- Automated OE machines
- Government patronage and financial support
- Effective transportation of finished goods
- Efficient raw material procurement system
- Good will of the Company
- Good employer employee and employee and employer relationship
- Good relation with the distributors and customers
- No political influences

Production process:

It is processed through various selections and final product cheese of different Sizes. The production process takes place the following section.

- Mixing
- Blowing
- Carding
- Drawing
- OE Spinning
- Packing

Mixing

Cotton of different carities is mixed to together in a certain ratio according to its quality. The mixed cotton for processing contains the desired quality in required ratio. The mixed cotton is kept without distribute for a maximum period of 24 hours for conditioning

Blowing

Blow room separates heavy foreign matters like cotton seeds, leaf particles etc... by beating and blowing. The mixed cotton is fed in the lattice of first machinery manually. The blow room consists of 5 machines considered as the beating points connected each other

pipelines. The cotton beats up with spikes and legs thus the impurities are separated out of cotton. The cleaned opened cotton passes to the next department through chute

Carding

Carding section cards cotton and cleans it further with the help of rotating sharp wire points and thus removes the hooks and wastes remaining in the cotton. The cleaned Cotton condenses and passes out through trumpet. The product is called sliver.

In TSM there are seven carding machines four machines are imported from China And three machines are from Germany.

The main objectives of the carding machine are individualization of the fibre to fibre separation

- Opening and cleaning
- Mixing and blending of fibre
- Drafting
- Coiling

Drawing

The main function of this department is to parallelize the sliver and make it uniform. The sliver lacks uniformity of fibre the carded sliver are processed and drawn into a uniform frame.

Here the slivers are of uniform thickness by doubling process and the fibre get straightened by drawing in the drafting process. Drawing machines are the type of machinery installed in this department. The sliver from the carding process is stretched or drawn in stages by passing through a drawing frame. The sliver drawn out from the drawing frame is narrower in which fibre have been blended and aligned more closely.

Open-End spinning

Open end spinning is a technology for creating yarn without using a spindle. It was invented and developed in Czechoslovakia in 1963. It is also known as break spinning or rotor spinning,

The principle behind open end spinning is similar to that of a clothes dryer spinning full of sheets. If you could open the door and pull out a sheet it would spin together as you pulled it out. Sliver from the card goes into the rotor is spun into yarn and comes out wrapped up on a bobbin, all ready to go to the next step. There is no roving Stage or re-packaging on auto corner.

This system is much less labour intensive and faster than ring spinning with rotor speeds up to 1,40,000 rpm. The rotor design is the key to the operation of the open-ended spinners. Each type of fibre may require a different rotor design for optimum product quality and processing speed.

Working Hours:

Trivandrum spinning mills operates 24 hours in 3 shifts. Each shift has 30 minutes of break. A general shift in the office starts from 9am to 5pm. The working hours of the company are:

Table 4.1working hours

SHIFT	TIMING
1 st shift	6am-2pm
2 nd shift	2pm-10pm
3 rd shift	10pm-6am

CHAPTER 5

RESEARCH METHODOLOGY

5.1 Title of the study:

The title of the project is “Financial performance analysis”.

5.2 Research Design:

A research design is the arrangement of condition for collecting and analysis of data in a manner that aims combine relevance to the research purpose with economy in procedure. This study is a descriptive research study.

5.3 Sample size:

The sample taken is the profit and loss and balance sheet of the company. However, the respective financial statements are only provisional and not audited one. Hence this financial statement does not represent the true and fair position of the company. The sample size is taken for 5 years.

5.4 Sources of Data:

The study is mainly based on the secondary data. Secondary data is collected from company records, books and journals.

5.5 Tools for data analysis:

The tools used for the study of the project as follows:-

- Ratio analysis
- Trend analysis
- Comparative statement analysis

CHAPTER 6

DATA ANALYSIS AND INTERPRETATION

6.1 Ratio Analysis:

Ratio analysis as a tool possesses several important features. The data, which are provided by financial statements, are readily available. The computation of ratios facilitates the comparison of firms which differ in size. Ratios can be used to compare a firm's financial performance with industry averages.

(a) Current Ratio

This means that a company has a limited amount of time in order to raise the funds to pay for these liabilities. Current assets like cash, cash equivalents, and marketable securities can easily be converted into cash in the short term. In a sound business a current ratio of 2:1 considered as an ideal one, it provides a margin of safety to the creditors. The current ratio is an important measure of liquidity because short-term liabilities are due within the next year.

$$\text{Current Ratio} = \frac{\text{Current assets}}{\text{Current Liabilities}}$$

(b) Quick Ratio

The quick ratio or acid test ratio is a liquidity ratio that measures the ability of a company to pay its current liabilities when they come due with only quick assets. Quick Assets are current assets that can be converted to cash within 90 days or in the short-term the quick ratio is often called the acid test ratio in reference to the historical use of acid to test metals for gold by the early miners.

$$\text{Quick Ratio} = \frac{\text{Quick Asset}}{\text{Current Liabilities}}$$

(c) Absolute Liquidity Ratio

Cash is the most liquid asset. When the relationship between cash and current liabilities is calculated it is called cash ratio or Absolute Liquid Ratio.

$$\text{Absolute Liquidity Ratio} = \frac{\text{Absolute Liquidity Ratio}}{\text{Current Liabilities}}$$

(d) Inventory Turnover Ratio

The inventory turnover ratio is an efficiency ratio that shows how effectively inventory is managed by comparing cost of goods sold with average inventory for a period. This measures how many times average inventory is “turned” or sold during a period.

$$\text{Inventory Turnover Ratio} = \frac{\text{Sales}}{\text{Average Inventory}}$$

(e) Working Capital Turnover Ratio

Working capital turnover ratio indicates the velocity of utilization of net working capital. The ratio indicates the number of times the working capital is turned over in the course of the year. A very high working capital turnover ratio is not a good situation for any firm.

$$\text{Working Capital Turnover Ratio} = \frac{\text{Cost of Sales}}{\text{Net Working Capital}}$$

(f) Net Profit Ratio:

Net profit is obtained when operating expenses, interest and taxes are subtracted from the gross profit. This ratio is the overall measure of the firm’s ability to turn each rupee into net profit.

$$\text{Net profit ratio} = \frac{\text{Net Profit}}{\text{Net Sales}} \times 100$$

(g) Fixed Assets to Net Worth

This ratio shows the relationship between fixed assets and shareholders fund or net worth. The purpose of this ratio is to find out the percentage of owners fund invested in fixed assets.

$$\text{Fixed Assets to Net Worth} = \frac{\text{Net Fixed Assets}}{\text{Tangible Net Worth}}$$

6.2 Trend Analysis

Trend percentage analysis moves in one direction either upward or downward progression or regression. This method involves the calculation of percentages relationship that each statement bears to the same item in the base year. The base year may be any one of the periods involved in the analysis but the earliest period is mostly taken as the base year. This trend percentage can be represented in various ways.

Advantages:

Trend analysis can

- Reveal potentially fruitful areas of audit investigation.
- Detect significant variations over time.
- Be easily understood and communicated.
- Be readily accepted due to its widespread use.

Disadvantages:

Trend analysis can

- Provide little insight into the root causes of variations.
- Fail to indicate what the entity's normal or benchmark position is.
- Be undermined by frequent changes in financial reporting formats.
- Be heavily influenced by the choice of the base focal period.

6.3 Comparative Analysis

A comparative statement is a document that compares a particular financial statement with prior period statement or with the same financial report generated by another company. Analysts and business manager use the income statement, balance sheet and cash flow statements for comparative purposes.

6.1 Ratio Analysis

6.1.1 Current Ratio

This means that a company has a limited amount of time in order to raise the funds to pay for these liabilities. Current assets like cash, cash equivalents, and marketable securities can easily be converted into cash in the short term. In a sound business a current ratio of 2:1 considered as an ideal one, it provides a margin of safety to the creditors. The current ratio is an important measure of liquidity because short-term liabilities are due within the next year.

$$\text{Current ratio} = \frac{\text{current Asset}}{\text{current Liabilities}}$$

Table No: 6.1.1
Current Raito

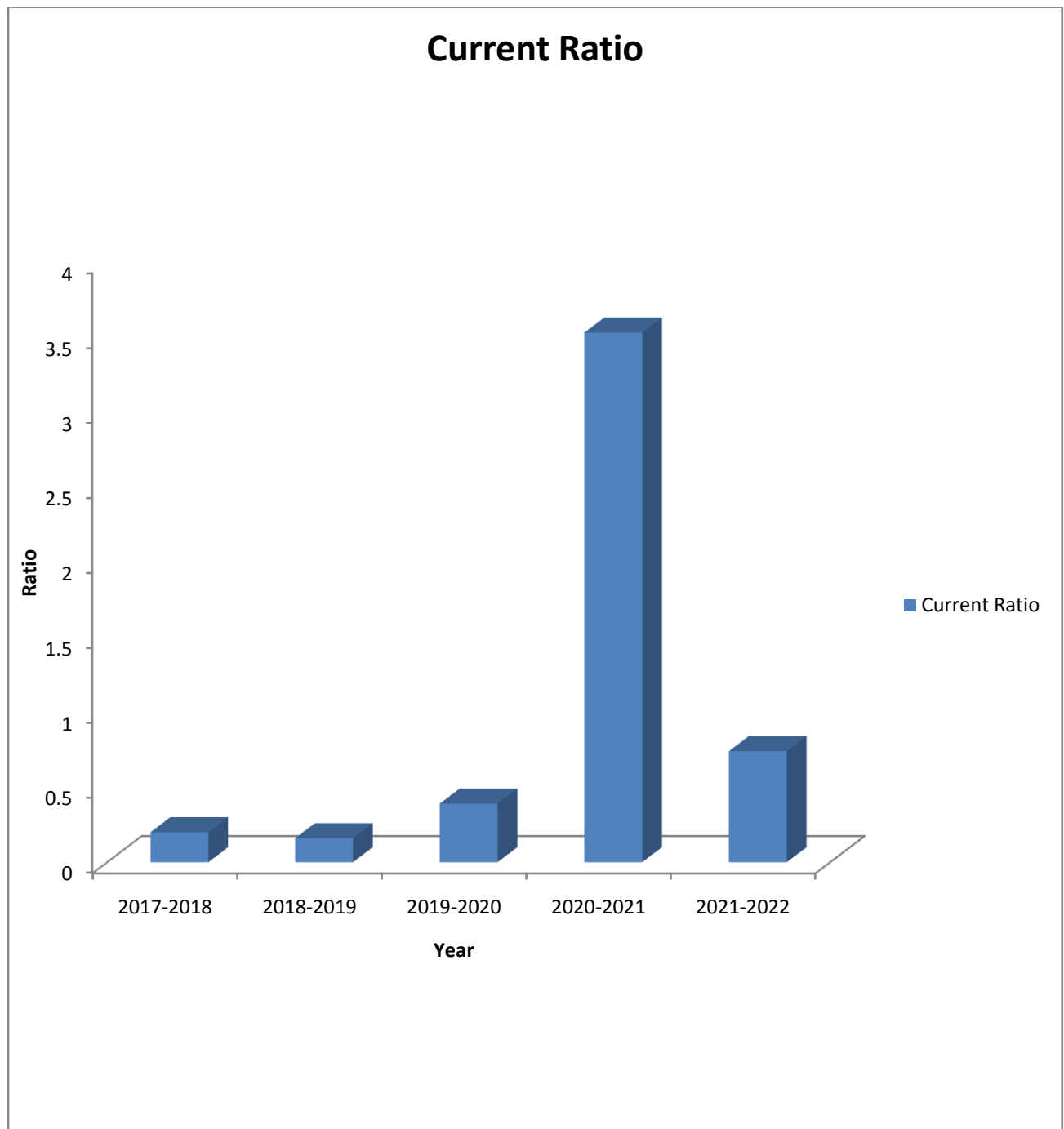
Year	Current Assets	Current Liabilities	Current Ratio
2017-2018	20657977.02	100377255.56	0.20
2018-2019	19258698.62	114216596.02	0.16
2019-2020	26689036.66	65285652.48	0.39
2020-2021	21799782.80	61705422.14	3.53
2021-2022	51979311.95	69335842.84	0.74

Sources: Annual Report

Interpretation:

From the above table is interpreted that the current ratio for 2017-2018 is 0.20. In 2018-2019 is 0.16 and 2019-2020, it is 0.39. In 2020-2021 and 2021-2022 the current ratio is 3.53 and 0.74 respectively.

Chart No: 6.1.1



6.1.2 Quick Ratio

The quick ratio or acid test ratio is a liquidity ratio that measures the ability of a company to pay its current liabilities when they come due with only quick assets. Quick Assets are current assets that can be converted to cash within 90 days or in the short-term the quick ratio is often called the acid test ratio in reference to the historical use of acid to test metals for gold by the early miners.

$$\text{Quick Ratio} = \frac{\text{Quick Asset}}{\text{Current Liabilities}}$$

Table No: 6.1.2

Quick Ratio

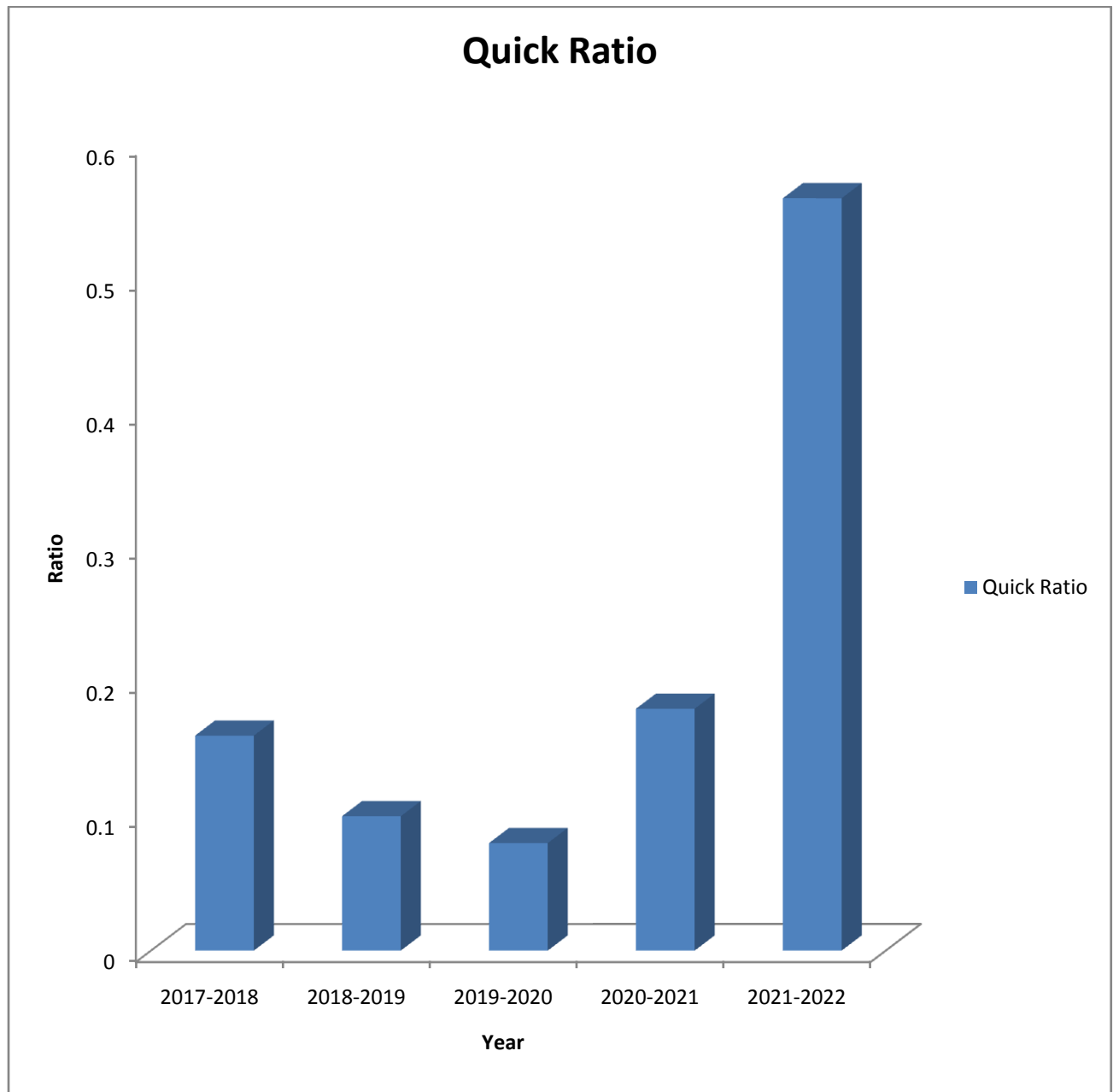
Year	Quick Assets	Current Liabilities	Quick Ratio
2017-2018	16695914.78	10037725.56	0.16
2018-2019	11985774.62	114216596.02	0.10
2019-2020	11799987.11	134272023.23	0.08
2020-2021	11629082.39	61705422.16	0.18
2021-2022	39088480.42	69335842.84	0.56

Source: Annual Report

Interpretation:

From the above table is interpreted that quick ratio for 2017-2018 is 0.16 and 0.10 in 2018-2019. In 2019-2020 it is 0.08. In 2020-2021 it is 0.18 and in 2021-2022 it is 0.56.

Chart No: 6.1.2



6.1.3 Absolute Liquidity Ratio

Cash is the most liquid asset. When the relationship between cash and current liabilities is calculated it is called cash ratio or Absolute Liquid Ratio.

$$\text{Absolute Liquidity Ratio} = \frac{\text{Absolute Liquidity Ratio}}{\text{Current Liabilities}}$$

Table No: 6.1.3

Absolute Liquidity Ratio

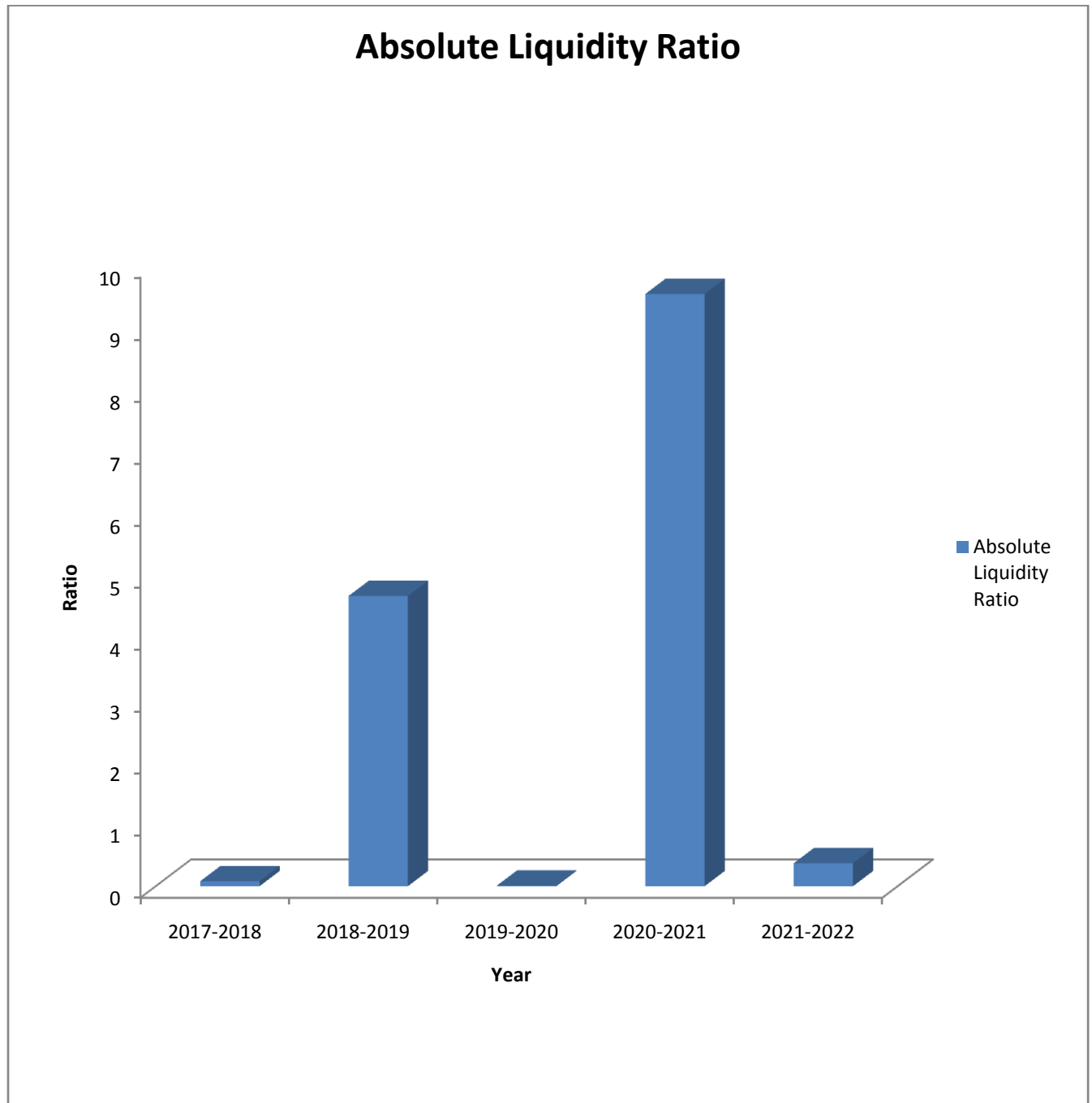
Year	Absolute Liquidity Ratio	Current Liabilities	Absolute Liquidity Ratio
2017-2018	289284.89	100377255.56	0.08
2018-2019	535294.83	114216596.02	4.68
2019-2020	1390272.33	134272023.23	0.01
2020-2021	589310.27	61705422.14	9.55
2021-2022	25768859.91	69335842.84	0.37

Source: Annual Report

Interpretation:

From the above table is interpreted that the absolute liquidity ratio is 0.08 in 2017-2018. In 2018-2019 it is 4.68. In 2019 to 2020 and 2020-2021, the quick ratio is 0.01 and 9.55 respectively. In 2021-2022 it is 0.37.

Chart No: 6.1.3



6.1.4 Inventory Turnover Ratio

The inventory turnover ratio is an efficiency ratio that shows how effectively inventory is managed by comparing cost of goods sold with average inventory for a period. This measures how many times average inventory is “turned” or sold during a period.

$$\text{Inventory Turnover Ratio} = \frac{\text{Sales}}{\text{Average Inventory}}$$

Table No: 6.1.4

Inventory Turnover Ratio

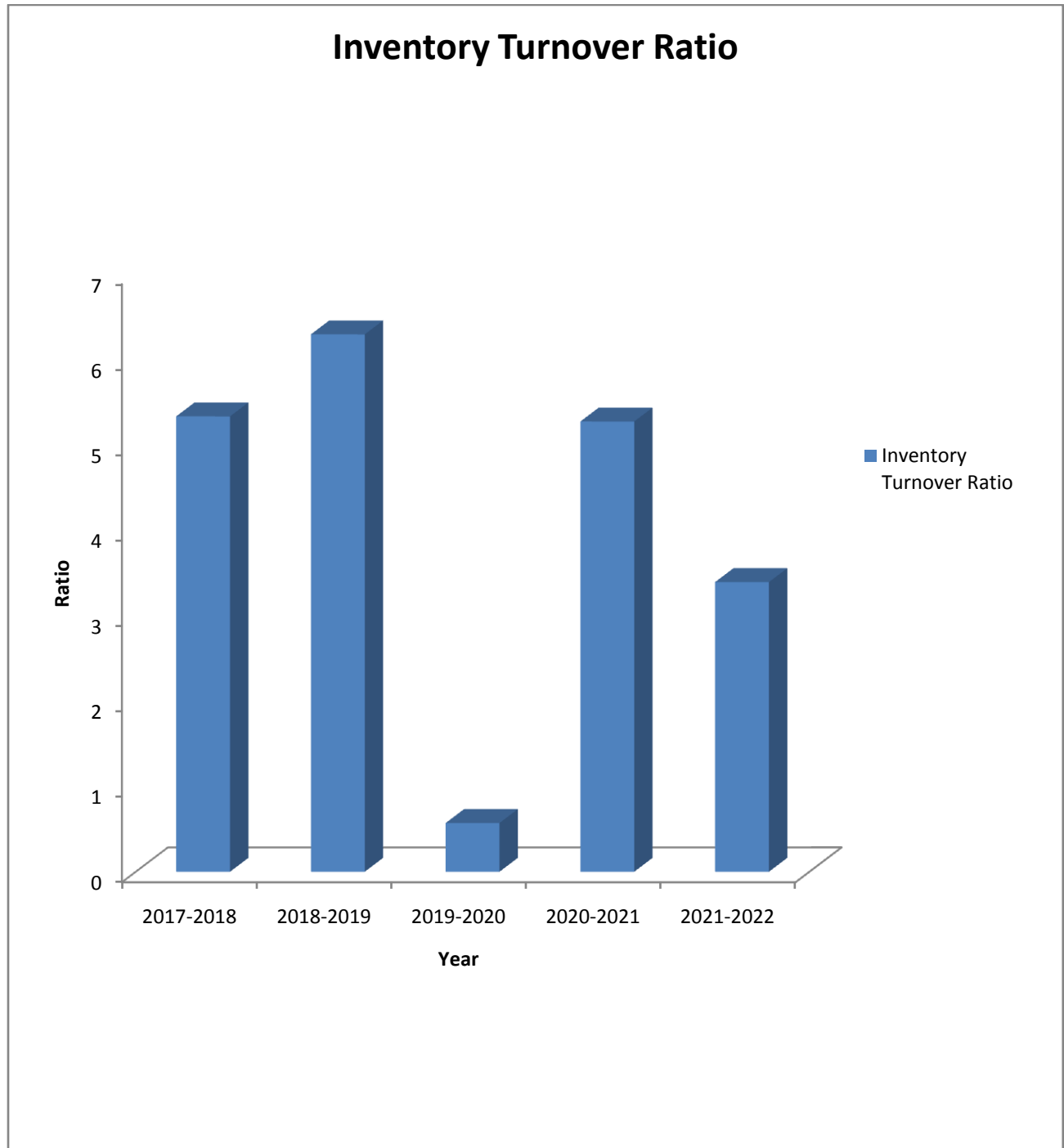
Year	Cost of goods sold	Averages Stock	Inventory Turnover Ratio
2017-2018	16133248.00	3025897.67	5.33
2018-2019	35350935.50	5617493.12	6.29
2019-2020	41938072.51	7232590.995	0.57
2020-2021	32358651.00	61338331.562	5.27
2021-2022	21819410.00	6435470.69	3.39

Source: Annual Report

Interpretation:

The above table indicates that the year 2017-2018 the inventory turnover ratio is 5.33. But in 2018-2019 it is 6.29. In 2019-2020, the ratio is 0.57. In 2020-2021 and 2021-2022 the ratio is 5.27 and 3.39 respectively

Chart No: 6.1.4



6.1.5 Working Capital Turnover Ratio

Working capital mover ratio indicates the velocity of utilization of net working capital. The ratio indicates the number of times the working capital is turned over in the course of the year. A very high working capital turnover ratio is not a good situation for any firm.

$$\text{Working Capital Turnover Ratio} = \frac{\text{Cost of Sales}}{\text{Net Working Capital}}$$

Table No: 6.1.5

Working Capital Turnover Ratio

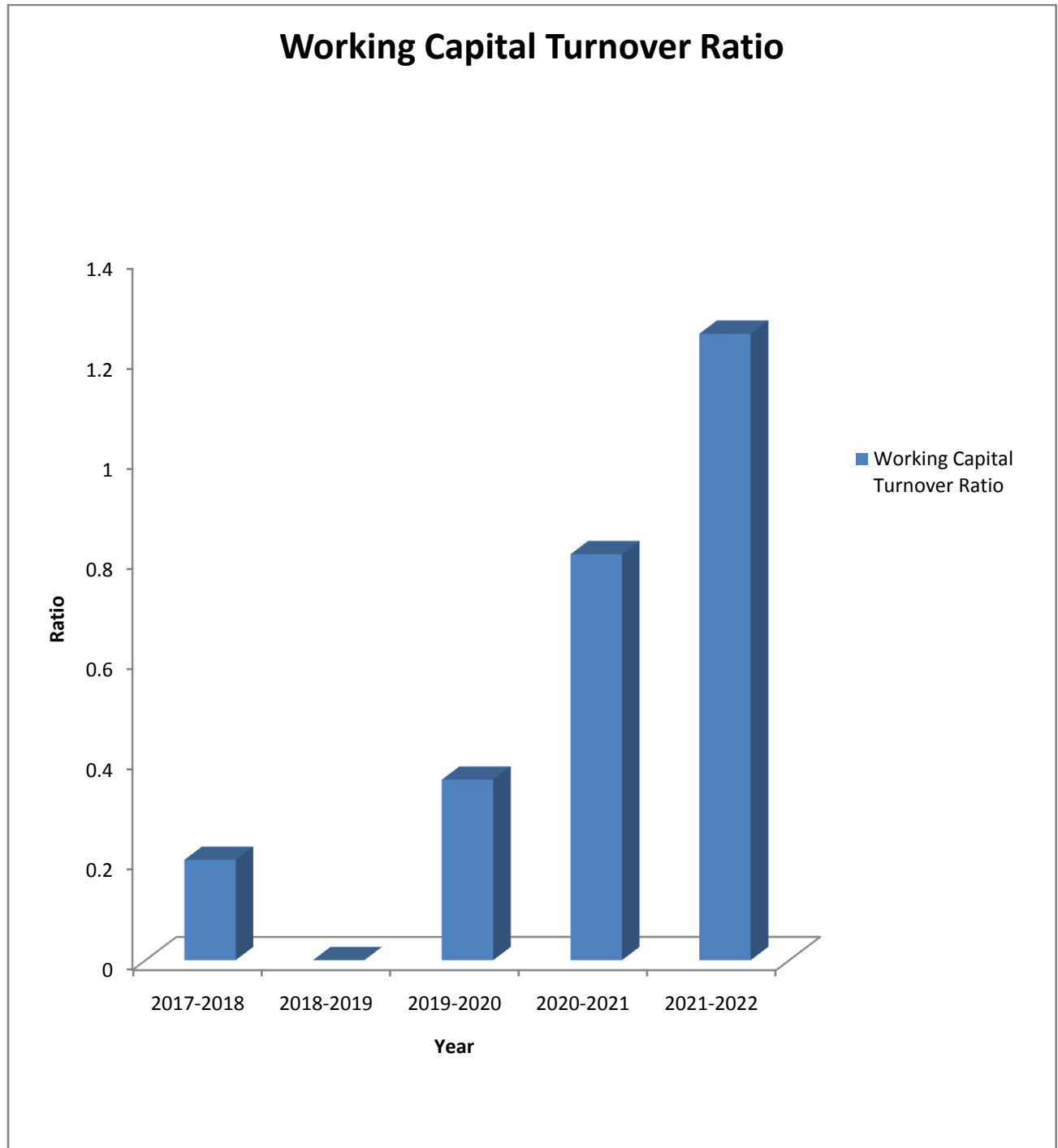
Year	Sales	Working Capital	Working Capital Turnover Ratio
2017-2018	16133248.00	79719278.54	0.20
2018-2019	35340935.50	94957897.4	0,37
2019-2020	41938072.51	115279778.1	0.36
2020-2021	32358651.06	39905639.34	0.81
2021-2022	21819410.06	17356530.89	1.25

Source: Annual Report

Interpretation:

The above table is interpreted that the ratio is 0.20 for 2017-2018 under in 2018- 2019 the ratio is 0.37. For 2019-2020 and 2020-2021 the working capital turnover ratio is 0.36 and 0.81 respectively. In 2021-2022, the ratio is 1.25.

Chart No: 6.1.5



6.1.6 Net Profit Ratio

Net profit is obtained when operating expenses, interest and taxes are subtracted from the gross profit. This ratio is the overall measure of the firm's ability to turn each rupee into net profit.

$$\text{Net profit ratio} = \frac{\text{Net Profit}}{\text{Net Sales}} \times 100$$

Table No: 6.1.6

Net Profit Ratio

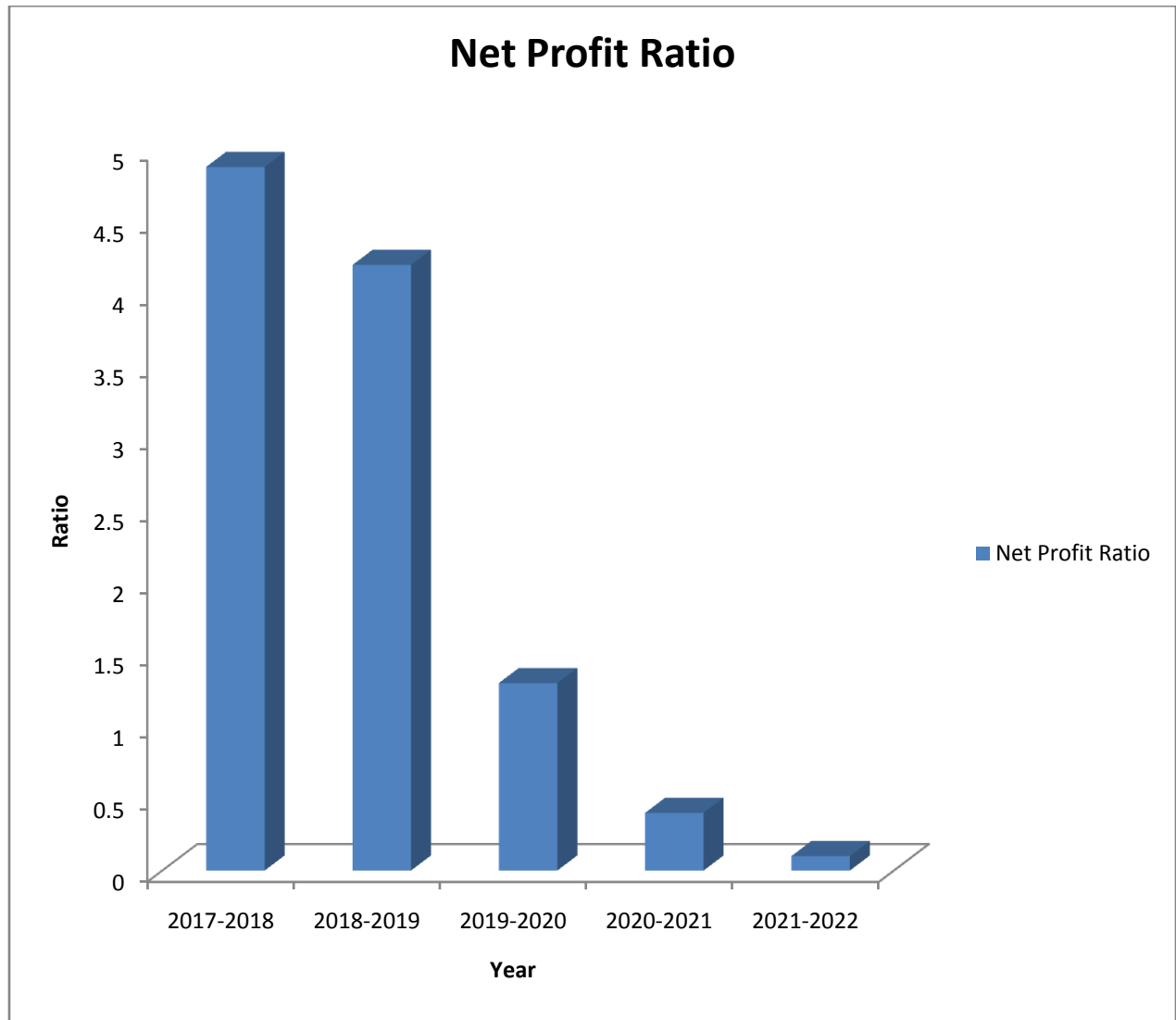
Year	Net Profit	Net Sales	Net Profit Ratio
2017-2018	960653.53	19660746.00	4.88
2018-2019	1687136.34	40598455.00	4.2
2019-2020	69630.34	50176827.00	1.3
2020-2021	176434.34	45821756.00	0.4
2021-2022	18994932.00	306110004.00	0.1

Source: Annual Report

Interpretation:

It is interpreted that the net profit ratio for 2017-2018 is 4.88 and for 2018- 2019 the ratio is 4.2. In 2019-2020 the ratio is 1.3. But in 2020-2021 and 2021-2022, the ratio is 0.4 and 0.1 respectively.

Chart No: 6.1.6



6.1.7 Fixed Assets to Net Worth

This ratio shows the relationship between fixed assets and shareholders fund or net worth. The purpose of this ratio is to find out the percentage of owners fund invested in fixed assets.

$$\text{Fixed Assets to Net Worth} = \frac{\text{Net Fixed Assets}}{\text{Tangible Net Worth}}$$

Table No: 6.1.7

Fixed Assets to Net Worth

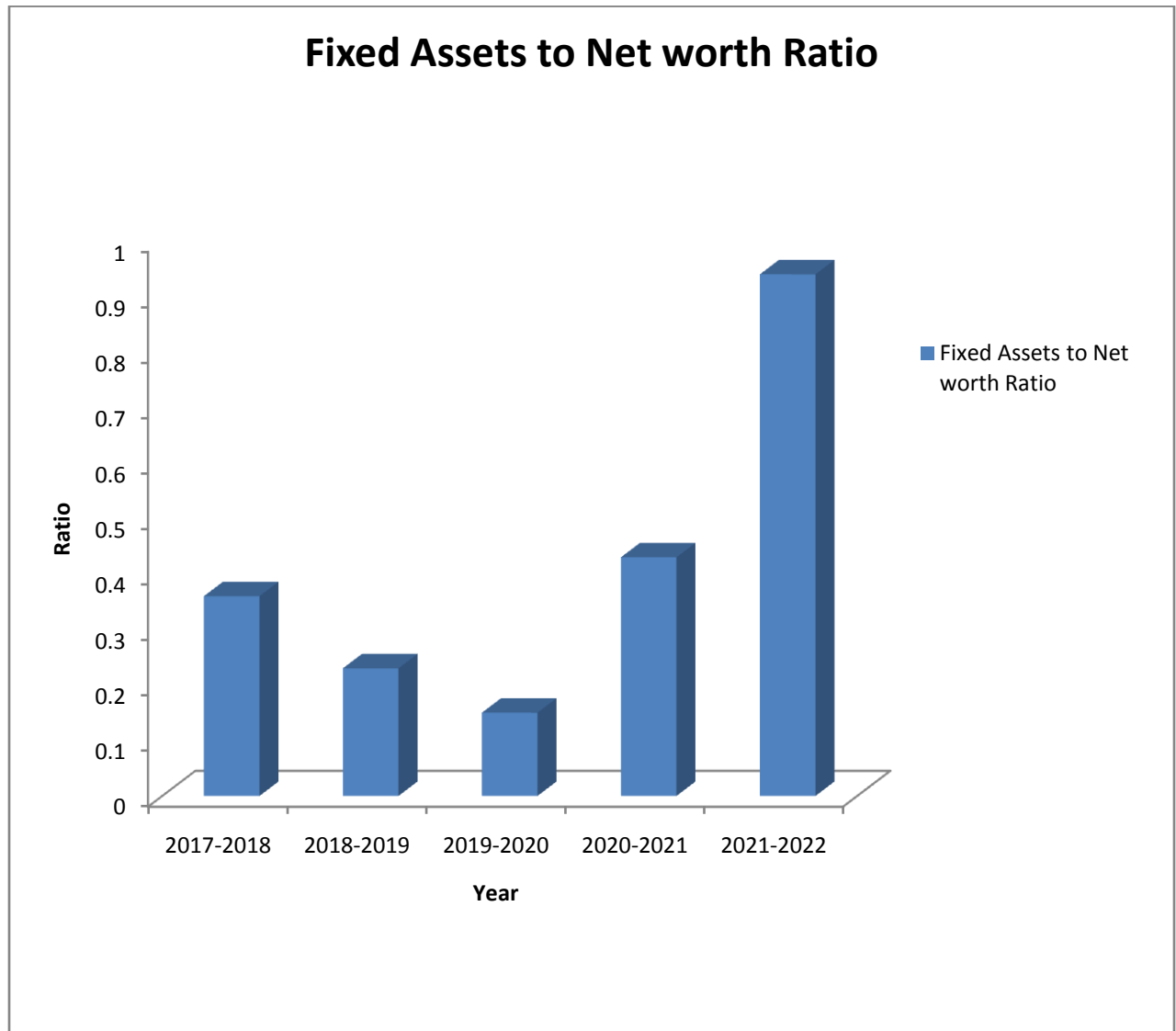
Year	Net Fixed Assets	Tangible Net Worth	Fixed Assets to Net worth Ratio
2017-2018	28739414.08	79719278.54	0.36
2018-2019	22226354.67	94957897.4	0.23
2019-2020	18433978.14	115279778.1	0.15
2020-2021	17204928.20	39905639.34	0.43
2021-2022	16410293.00	17356530.89	0.94

Source: Annual Report

Interpretation:

It is interpret that the ratio is 0.36 for 2017-2018. In the year 2018-2019 and 2019-2020 the ratio is 0.23 and 0.15 respectively. 0.43 is also the ratio for 2020-2021. In 2021-2022 that ratio is 0.94.

Chart No: 6.1.7



6.2 Trend Analysis

6.2.1 Trend in Sales

Table 6.2.1
Trend in Sales

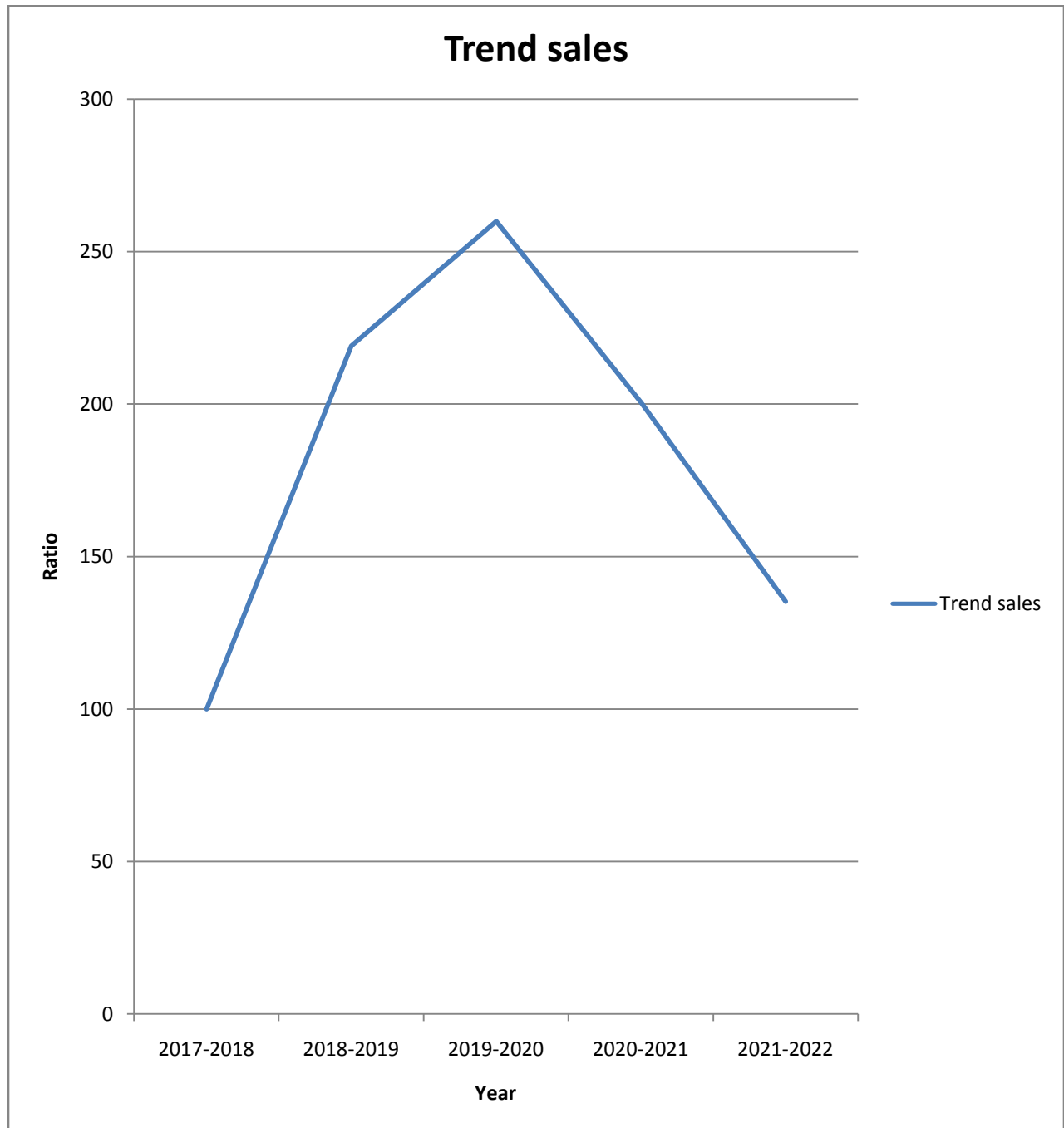
Year	Sales	Trend Indices
2017-2018	16133248.00	100
2018-2019	35340935.50	219.05
2019-2020	41938072.51	259.9
2020-2021	32358651.00	200.5
2021-2022	21819410.00	135.19

Sources: Annual Report

Interpretation:

It is interpreted that the sales percentage is 219.05 in 2018-2019 from the base value 100 in 2017-2018. In the year 2019-2020 the percentage is 259.9 and 200.5 for the year 2020-2021. The percentage is decreased to 135.19 for the year 2021-2022.

Chart No: 6.2.1



6.2.2 Trend in Current Assets

Table 6.2.2
Trend in Current Assets

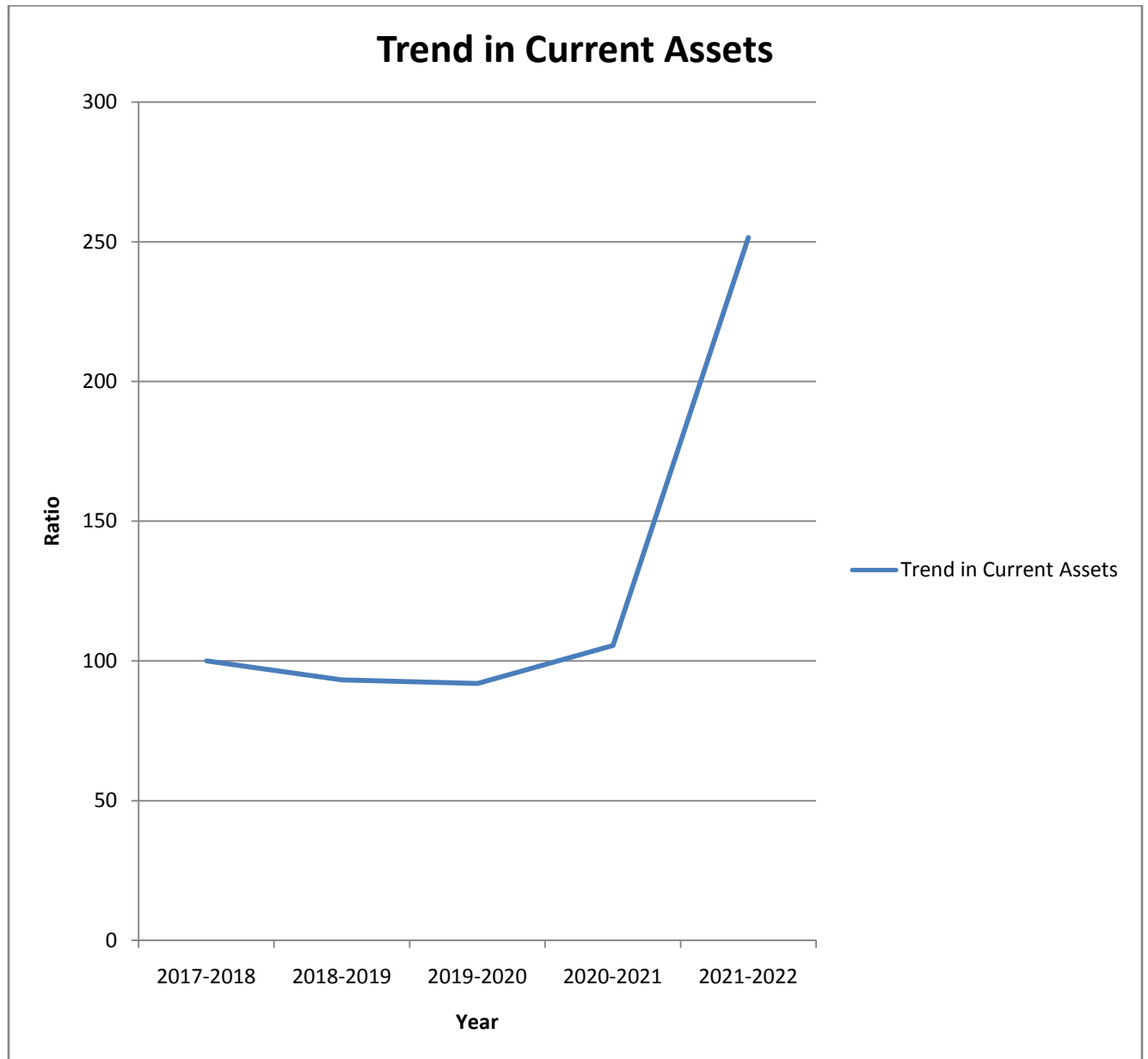
Year	Total Current Assets	Trend Indices
2017-2018	20657977.02	100
2018-2019	19258698.62	93.22
2019-2020	18992245.10	91.93
2020-2021	21799782.80	105.5
2021-2022	51979311.95	251.5

Source: Annual Report

Interpretation:

It is interpretation that the sales percentage is 93.22 in 2018-2019 from the base value 100 in 2017-2018. In the year 2019-2020 the percentage is 91.93 and 105.5 for the year 2020-2021. The percentage is decreased to 251.5 for the year 2021-2022.

Chart No: 6.2.2



6.3 Comparative Analysis

Table 6.3.1

Comparative Balance sheet of Trivandrum Spinning Mills Limited

On 2017 - 2018 & 2018 – 2019

Particular	2017-2018	2018-2019	Increase/ Decrease	Percentage
A)Equity & Liabilities				
1)Share holder's fund				
Share capital	46378090.00	46378090.00	-	-
Reserves & surplus	(380986091.85)	(416746407.62)	-35760315.77	-8.58
	(334608001.85)	(370368317.62)	-35760315.77	-9.655
2)Share application money pending allotment	71985000.00	71985000.00	-	-
3)Non-current liabilities				
Long-term borrowing	153970000.00	153970000.00	-	-
Other long-term Liabilities	64083072.21	78031753.75	-13948681.1	-17.87
Long-term Provisions	3026402.65	1917655.65	1108387	57.79
	221079114.86	233919409.40	-12840294.54	-5.48
4)Current liabilities				
Short-term borrowing	55000000.00	76086666.00	-21086666	-27.71
Trade payables	30431417.18	24561203.98	5870213.2	23.90
Other current Liabilities	14945838.38	13568726.04	1377112.34	10.14
	10037725.56	114216596.02	-10478870.5	-91.21
Total	5833368.57	49752687.80	9080680.77	18.25

B)Assets				
1)Non-current Assets				
Fixed Assets				
Tangible assets	28736414.08	22226354.67	6510059.41	29.28
	28736414.08	22226354.67	6510059.41	29.28
Non-current Investment	2500.00	2500.00	-	-
Long-term Loans and advances	5618834.31	5618834.31	-	-
Miscellaneous Expenditure	3814643.16	2646300.20	1168342.96	44.15
2)Current Assets				
Inventories	3962062.24	7272924.00	-3310861.76	-45.52
Trade receivable	(194171.00)	632254.00	-438083	-69.28
Cash & Cash Equivalents	8289284.89	5352294.83	-2463009.94	-56.74
Other current Assets	8600800.89	10818225.79	-2217424.9	-20.49
	20657977.02	19258698.62	1399278.58	7.26
Total	58833368.57	49752687.80	9080680.77	18.25

Interpretation:

In the above table interpretation that during 2019 current assets have been increased by Rs.13.99 lakhs, that is, inventory decreased by 45.52%, trade receivables decreased by 69.28%, however, cash & cash equivalents increased by 56.74%. There is increased in fixed assets of 29.28%. These changes may affect the working capital position of the company.

Table 6.3.2
Comparative Balance sheet of Trivandrum Spinning Mills Limited
On 2018 - 2019 & 2019 – 2020

Particular	2018-2019	2019-2020	Increase/ Decrease	Percentage
A)Equity & Liabilities				
1)Share holder's fund				
Share capital	46378090.00	46378090.00	-	-
Reserves & surplus	(416746407.62)	(458779060.17)	-42032652.55	-9.16
	(370368317.63)	(412400970.17)	-42032652.55	-10.19
2)Share application money pending allotment	71985000.00	71985000.00	-	-
3)Non-current liabilities				
Long-term borrowing	153970000.00	153970000.00	-	-
Other long-term Liabilities	78031753.75	93873125.09	-15841371.34	-100.0
Long-term Provisions	1917655.65	2826336.65	-908681	-32.15
	233919409.40	250669461.74	-16750052.34	-90.66
4)Current liabilities				
Short-term borrowing	76086666.00	81863666.00	-5777000	-7.05
Trade payables	24561203.93	37982663.53	-3421459.6	-35.33
Other current Liabilities	13568726.04	14425693.70	-856967.66	-5.94
	114216596.02	13427223.23	-20055427.21	-14.93
Total	49752687.80	44525514.80	5227173	11.73
B)Assets				

1)Non-current Assets				
Fixed Assets				
Tangible assets	22226354.67	18433978.14	3792376.53	20.57
	22226354.67	18433978.14	3792376.53	20.57
Non-current Investment	2500.00	2500.00	-	-
Long-term Loans and advances	5618834.31	5618834.31	-	-
Miscellaneous Expenditure	2646300.20	1477957.25	1168342.95	79.05
	8267634.51	7099291.56	1168342.95	16.45
2)Current Assets				
Inventories	7272924.00	7192257.99	80666.01	1.12
Trade receivable	632254.00	501355.00	130899	26.10
Cash & Cash Equivalents	535294.83	1390272.33	-854977.5	-61.49
Other current Assets	10818225.79	9908359.78	909866.01	9.18
	19258698.62	18992245.10	266453.52	1.40
Total	49752687.80	44525514.80	5227173	11.73

Interpretation:

In the above table interpretation that during 2020 current assets have been increased by Rs.2.66 lakhs, that is, inventory increased by 1.12%, trade receivables increased by 26.10%, however, cash & cash equivalents decreased by 61.49%. There is increased in fixed assets of 20.57%. These changes may affect the working capital position of the company.

Table 6.3.3
Comparative Balance sheet of Trivandrum Spinning Mills Limited
On 2019 - 2020 & 2020 – 2021

Particular	2019-2020	2020-2021	Increase/ Decrease	Percentage
A)Equity & Liabilities				
1)Share holder's fund				
Share capital	46378090.00	46378090.00	-	-
Reserves & surplus	(458772206.97)	491616960.59	-32844753.62	-6.680
	(412394116.97)	(445238870.59)	-32844753.63	-7.37
2)Share application money pending allotment	71985000.00	71985000.00	-	-
3)Non-current liabilities				
Long-term borrowing	319655832.49	350555659.67	-30899827.18	-8.81
	319655832.49	350555659.67	-30899827.18	-8.81
4)Current liabilities				
Other current Liabilities	15890390.10	16694875.53	195514.57	1.24
Short-term Provisions	4546394.04	3972749.53	573644.51	14.43
Trade payables	44848868.37	42037797.08	2811071.29	6.68
	65285652.48	61705422.14	3580230.34	5.80
Total	44532368.00	39007211.22	5525157.12	14.16
B)Assets				
1)Non-current Assets				
Tangible assets	18440831.34	17204928.20	1235903.14	7.18
	18440831.34	17204928.20	1235903.14	7.18

2)Non-current Investment				
Investment	2500.00	2500.00	-	-
	2500.00	2500.00	-	-
3)Current Assets				
Inventory	7192257.99	5075405.13	2116852.86	41.70
Trade receivable	501355.00	43318.08	458036.92	57.38
Cash & Cash Equivalents	1390272.33	589310.27	800962.06	35.91
Short-term Loans and advances	5095295.28	509529.28	-	-
Other current Assets	10431898.81	10683857.43	-251958.62	-2.35
Miscellaneous Expenditure	1477957.25	312596.61	1165360.64	372.80
	26089036.66	21799782.80	4289253.86	9.67
Total	44532368.00	39007211.22	5525156.78	14.16

Interpretation:

In the above table interpretation that during 2021 current assets have been increased by Rs.42.89 lakhs, that is, inventory decreased by 41.70%, trade receivables increased by 57.38%, however, cash & cash equivalents increased by 35.91%. These changes may affect the working capital position of the company.

Table 6.3.4
Comparative Balance sheet of Trivandrum Spinning Mills Limited
On 2020 - 2021 & 2021 – 2022

Particular	2020-2021	2021-2022	Increase/ Decrease	Percentage
A)Equity & Liabilities				
1)Share holder's fund				
Share capital	46378090.00	46378090.00	-	-
Reserves & surplus	(491616960.59)	(518604600.64)	-26987640.05	-5.20
	(445238870.59)	(472226510.64)	-26987640.05	-5.71
2)Share application money pending allotment	71985000.00	71985000.00	-	-
3)Non-current liabilities				
Long-term borrowing	35055659.69	399297772.67	-364242113	-91.22
	35055659.69	399297772.67	-364242113	-91.22
4)Current liabilities				
Other current Liabilities	51694875.53	15963660.35	-268785	-1.683
Short-term Provisions	3972749.53	4168534.53	-195785	-4.69
Trade payables	42037797.08	49203647.78	-7165850.7	-14.56
	61705422.14	69335842.84	-7630420.7	-11.00
Total	39007211.22	68392104.89	-29384893.67	-42.96
B)Assets				
1)Non-current Assets				
Tangible assets	17204928.20	16410293.00	794635.2	4.842
	17204928.20	16410293.00	794635.2	4.842
2)Non-current				

Investment				
Investment	2500.00	2500.00	-	-
	2500.00	2500.00	-	-
3)Current Assets				
Inventory	5075405.13	7795536.25	-2720131.12	-34.89
Trade receivable	43318.08	753630.08	-710312	-94.25
Cash & Cash Equivalents	589310.27	25768859.91	-25179549.64	-97.71
Short-term Loans and advances	5095295.28	5095295.28	-	-
Other current Assets	1068385.47	12565990.43	-11497604.96	-91.49
Miscellaneous Expenditure	312596.61	-	-	-
	21799782.80	51979311.95	-30179529.15	-58.06
Total	39007211.22	68392104.87	-29384893.65	-42.96

Interpretation:

In the above table interpretation that during 2022 current assets have been decreased by Rs.301.79 lakhs, that is, inventory decreased by 34.89%, trade receivables decreased by 94.25%, however, cash & cash equivalents decreased by 97.71%. These changes may affect the working capital position of the company.

CHAPTER 7

FINDINGS, SUGGESTION AND CONCLUSION

7.1 FINDINGS

- This study found out that current ratio in the year 2020-2021 is highest 3.53.
- This study found out that quick ratio in the year 2021-2022 is highest 0.56.
- This study found out that absolute liquidity ratio in the year 2020-2021 is highest 9.55.
- This study found out that inventory turnover ratio in the year 2018-2019 is highest 6.29.
- This study found out that working capital turnover ratio in the year 2021-2022 is highest 1.25.
- This study found out that net profit ratio in the year 2017-2018 is highest 4.88.
- This study found out that fixed assets to net worth in the year 2021-2022 is highest 0.94.
- This study found out that trend in sales in the year 2019-2020 is highest 259.9
- This study found out that trend in current assets in the year 2021-2022 is highest 251.5
- This study found out that during 2019 current assets have been increased by Rs.13.99 lakhs, that is inventory decreased by 45.52%.
- This study found out that during 2020 current assets have been increased by Rs.2.66 lakhs, that is, inventory increased by 1.12%.
- This study found out that during 2021 current assets have been increased by Rs.42.89 lakhs, that is, inventory decreased by 41.70%.
- This study found out that during 2022 current assets have been decreased by Rs.301.79 lakhs, that is, inventory decreased by 34.89%.

7.2 SUGGESTION

- This company should improve the current assets value, so that the payment can be made on time to the suppliers.
- This company should maintain the debt equity ratio in well manner that will reduce the risk.
- This company should focus sales promotion activities, that leads to profitability to the organization.
- This company should utilise its short term financing facility it will be reduce working capital management problem.
- This company have the ability to repay its loan. So it can help to take more debt fund for their operations.
- This company have high inventory, so the firm should take care of reducing the stock and focuse on the increase
- This company should have a proper planning to check the manufacturing process of the plant.
- This company should concentrate to achive maximum sales with minimum expenses.
- This company should maintain the current ratio position satisfactory.

7.3 CONCLUSION

The Trivandrum Spinning Mills Limited is a private sector. In Trivandrum Spinning mills Limited, the financial performance analysis assumes much importance. Financial and financial management is very significant in every business organization. It also helps to prepare the financial plan for the firm.

Financial performance analysis policies of a firm have a great impact on its liquidity of the organization. A firm is required to maintain a balance between liquidity and profitability while conducting its day-to-day operations. The present study was undertaken to examine various aspects of financial performance analysis which integrated internal, intermediate and organization based financial and analytical measurements.

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I. APPENDIX

Trivandrum Spinning Mills Limited

Balance Sheet 2017-2022

Particulars	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
A) Equity & Liabilities:					
1. Share Holder's Fund					
a) Share Capital	46378090.00	46378090.00	46378090.00	46378090.00	46378090.00
b) Reserves & Surplus	(38098609.85)	(416746470.62)	(458779060.17)	(4916960.59)	(518604600.64)
	(334608001.85)	(370368317.62)	(412400970.17)	4455238870.59	(472226510.64)
2. Share Application money Pending Allotment	71985000.00	71985000.00	71985000.00	71985000.00	71985000.00
3. Non-Current Liabilities:					
a) Long Term Borrowings	15397000.00	153970000.00	153970000.00	350555659.67	399297772.67
b) Other long-term liabilities	64083072.21	78031753.75	93873125.09	-	-
c) Long-term provisions	3026042.65	1917655.65	2826336.65	-	-
	221079114.86	233919409.40	250669461.74	350555659.67	399297772.67
4. Current Liabilities:					
a) Short-term Borrowings	55000000.00	76086666.00	81863666.00	3972749.53	4168534.53
b) Trade payables	30431417.18	24561203.98	37982663.53	42037797.08	49203647.78

c) Other Current Liabilities	14945838.38	13568726.04	14425693.70	15694875.53	15963660.53
	100377255.56	114216596.02	134272023.23	61705422.14	69335842.84
Total	58833368.57	49752687.80	44525514.80	39007211.22	68392104.87
B)Assets:					
1. Non-Current Assets					
a) Fixed Assets					
i. Tangible Assets	28739414.08	22226354.67	18433978.14	17204928.20	16410293.00
	28739414.08	22226354.67	18433978.14	17204928.20	16410293.00
b)Non-current Investments	2500.00	2500.00	2500.00	2500.00	2500.00
c)Deferred Tax Assets	-	-	-	-	-
d)Long-Term Loans and Advances	5618834.31	5618834.31	5618834.31	-	-
e)Miscellaneous Expenditure	3814643.16	2646300.20	1477957.25	-	-
	9435977.47	8267634.51	7099291.56	2500.00	2500.00
2.Current Assets					
a)Inventories	3962062.24	7272924.00	1792257.99	5075405.13	7795536.25
b)Trade receivables	(194171.00)	632254.00	501355.00	43318.08	753630.08
c)Cash & Cash Equivalents	8289284.89	535294.83	1390272.33	589310.27	25768859.91

d)Short-term Loans and Advance	-	-	-	5095295.28	5095295.28
e)Other Current assets	8600800.39	10818225.79	9908359.78	10683857.43	12565990.43
	20657977.02	19258698.62	18992245.10	21799782.80	51979311.95
Total	58833368.57	49752687.80	44525514.80	39007211.22	68392104.87

II. APPENDIX

Trivandrum Spinning Mills Limited

Statement of Profit and Loss 2017-2022

Particulars	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
1. Revenue from operations					
Revenue from operation	19660746.00	40598455.00	50176827.00	45821756.00	30610004.00
2. Other income				176434.34	18994932.00
Other income	960653.53	1687136.34	696930.34		
Prior period income					
3. Total revenue(1+2)	20621399.53	42285591.34	50873757.34	45998190.34	49605936.00
4. Expenses					
Cost of material consumed	16133248.00	35340935.50	41938072.51	32358651.00	21819410.00
Changes in inventories of finished goods and work in progress	(170263.14)	(3388200.76)	(927075.00)	2116852.86	(2720131.12)
Employee benefit expense	2807239.00	2424132.00	6320057.50	9160571.00	9186835.00
Finance costs	11214657.86	13965510.60	15860662.84	17995872.50	18697802.36
Depreciation and amortization expense	10244306.93	7710900.37	6279763.48	1275702.14	1163412.50
Other expense	12181055.66	21942629.40	21580778.56	15934994.68	28445247.31
Total expense	52410244.31	78045907.11	92906409.89	78842944.18	76592576.05
5. Profit /(loss)before exceptional and	(31788844.78)	(35760315.77)	(42032652.55)	(32844753.84)	(26987640.05)

extraordinary items and tax(3-4)					
6. Profit/(loss) before extraordinary items and tax	(31788844.78)	(35760315.77)	(42032652.55)	(32844753.84)	(26987640.05)
7. Profit/(loss)before tax	(31788844.78)	(35760315.77)	(42032652.55)	(32844753.84)	(26987640.05)
8. Profit/(loss) for the period from continuing operations	(31788844.78)	(35760315.77)	(42032652.55)	(32844753.84)	(26987640.05)
9. Profit/(loss)for the year	(31788844.78)	(35760315.77)	(42032652.55)	(32844753.84)	(26987640.05)
10. Earnings per equity share:					
Equity shares of par value Rs 10/- each	5000000	5000000	5000000		
Basic	(6.85)	(7.71)	(9.06)		
Diluted	(2.69)	(3.02)	(3.55)		