



A Study on Financial Statement Analysis of Global Textiles

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ABSTRACT

In this project, titled “A STUDY ON FINANCIAL STATEMENT ANALYSIS AT GLOBAL TEXTILE KARUR . Attempts to analyze the financial statements and measure the performance in terms of assets utilization, and profitability. In detail the research methodology used for the study that has focused on the past and present performance of global textile industry Karur The study purely relies on secondary data, which were collected for a period of five years (2015 to 2020) from the audited annual reports of the company and maintained and made available organizations viz. In order to know the performance of the industry that was evaluated with the help of five financial ratios. The project used accounting ratios and financial statement report analysis, namely, profitability ratios, which might affect the financial statement of the firm. Inventory, Current ratio,

Debtors Capital turnover ratio and Expense ratio. All these analyses were done to the case of Company.

CHAPTER-I

INTRODUCTION

The textile industry in India traditionally, after agriculture, is the only industry that has generated huge employment for both skilled and unskilled labour. The textile industry continues to be the second-largest employment generating sector in India. It offers direct employment to over 35 million in the country. According to the Ministry of Textiles, the share of textiles in total exports during April–July 2010 was 11.04%. During 2009–2010, the Indian textile industry was pegged at US\$55 billion, 64% of which services domestic demand. In 2010, there were 2,500 textile weaving factories and 4,135 textile finishing factories in all of India. According to AT Kearney’s ‘Retail Apparel Index’, India was ranked as the fourth most promising market for apparel retailers in 2009.

Global Textile Industry Textile Industry karur

Global Textiles is an emerging manufacturer & exporter of Textiles, Home Furnishings and Made – ups. We have over 10 years of experience in this industry. We have our own manual printing factory in Erode and our administrative office and factory in Karur. At Global we strive for a simple ideology - supreme quality. We demand the highest quality in both production and customer satisfaction, which is our highest motto

and we deliver consistently high results by our inherent quality consciousness developed as a way of life.

Tirupur based textile yarn manufacturer with an installed capacity of 100,000 spindles. We have been exporting to Bangladesh, China, Egypt, Korea, Malaysia, Vietnam, Sri Lanka, South Africa, Turkey and more to be added. Our capacity per day of melange is 50 tons. We do regular melange exports carrying our presence in the Global Textile Industry market for MELANGE. Counts from 20/1 to 50/1. We are also into acrylic, nippy, slub&grindlemelange yarn. We are doing regular exports to various market with competitive prices

Overview

The Global Textile Industry mill Tirupur (P) Ltd consists of the state of the art spinning unit, sizing unit and sulzer weaving unit. Each Unit is housed in modern piller-less structures. The company provides employments to about 300 personnel staff and labour quarters and hostel facilities are provided.

The company is situated in mangalam 8Km from Tirupur besides the Noyyal river bed – in an area of 9 acres of land.

Infrastructure

Global Textile Industry Textile Industry is well-equipped with technically advanced machinery and has a streamlined production process in place. The integrated facility to manufacture quality yarn is suited to manufacture both smaller and larger volumes. Factories being located in the Noyyal River Bed, bore wells ensure sufficient water supply. The company is connected with 1500 K.V A. load of H.T with an exclusive

transformer installed in the premises. Four Generators with a total capacity of 1500 K.V.A ensure non stop operation. The production units are connected to roads leading to all parts of the country. Thanks to an unique employment scheme and comfortable hostel facilities with a modern canteen we are able to satisfy our requirement of labor (mostly females) from the neighboring villages. In –plant training schemes take care the requirement of technicians.

CHAPTER- II

OBJECTIVES OF STUDY

To provide reliable financial information about economic resources and obligations of a business and other needed information about changes in such resources and obligations

To provide reliable information about changes in net resources [resources minus obligations] arising out of business activities and financial information that assists in estimating the earning potentials of business.

To disclose, to the extent possible, other information related to the financial statements that is relevant to the needs of the users of these statements.

Scope of the Study

The most important financial statement for the majority of users is likely to be the income statement, since it reveals the ability of a business to generate a profit. Also, the information listed on the income statement is mostly in relatively current dollars, and so represents a reasonable degree of accuracy.

The balance sheet is likely to be ranked third by many users, since it does not reveal the results of operations, and some of the numbers listed in it may be based on historical costs, which renders the report less informative.

A possible candidate for most important financial statement is the statement of cash flows, because it focuses solely on changes in cash inflows and outflows.

CHAPTER-III

RESEARCH METHODOLOGY

In view of the objects of the study listed above an exploratory research design has been adopted. Exploratory research is one which is largely interprets and already available information and it lays particular emphasis on analysis and interpretation of the existing and available information.

- To know the financial status of the company.
- To know the credit worthiness of the company.
- To offer suggestions based on research finding.

DATA COLLECTION

Secondary Sources

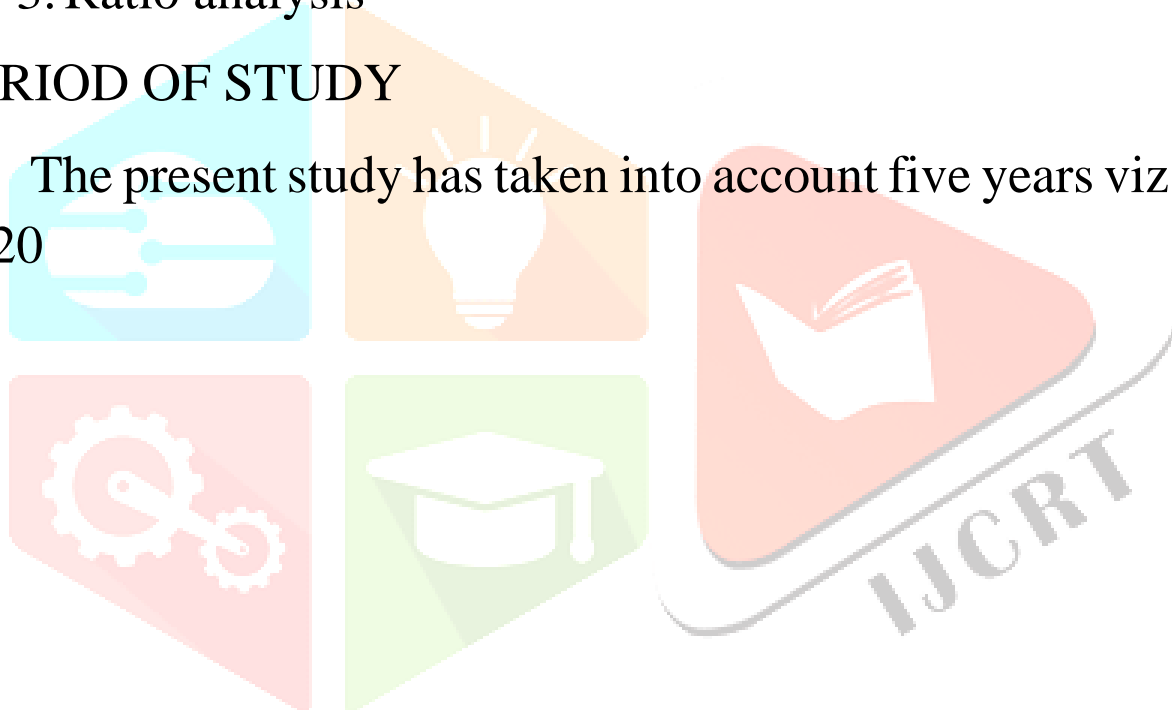
1. From the annual reports maintained by the company.
2. Data collected from the company website.
3. Books and journal pertaining to the topic.

TOOLS USED IN THE ANALYSIS

1. Quick Ratio
2. Current Ratio
3. Ratio analysis

PERIOD OF STUDY

The present study has taken into account five years viz, 2016-2020



CHAPTER-IV

TABLE-I

Table 1: Comparative Finance Statement of Changes in for the Year 2015-2016

Particulars	As on 31-3- 2015	As on 31-3-2016	Increase	Decrease
<u>CURRENT ASSETS</u>				
Inventories	2001304.00	1532454.00	—	468850.00
Sundry debtors	1438810.00	2201381.00	762571.00	—
Cash & Bank balance	503667.00	493742.00	—	9924.00
Other current assets	134364.00	148822.00	14458.00	—
Loans and Advances	193081.00	186699.00	—	6382.00
(A)Total Current Assets	4271227.00	4563099.00		
<u>CURRENT LIABILITIES</u>				

Sundry creditors	1606194.00	1673514.00	—	67320.00
Provisions	511561.00	368028.00	143533.00	—
(B)Total Current Liabilities	2117756.00	2041543.00		
(A)-(B) Net Working Capital	2153471.00	2521556.00		
Increase in Working Capital	368084.00*	—	—	368084.00*
TOTAL	2521556.00	2521556.00	920562.00	930487.00

Table -II

Table 2: Comparative Finance Statement of Changes in for the Year 2016-2017

Particulars	As on 31-3-2016	As on 31-3-2017	Increase	Decrease
<u>CURRENT ASSETS</u>				
Inventories	1532454.00	2161071.00	628616.00	—
Sundry debtors	2201381.00	4958527.00	2757146.00	—
Cash & Bank balance	493742.00	1205660.00	711918.00	—
Other current assets	148822.00	78260.00	—	70562.00
Loans and Advances	186699.00	1196128.00	1009429.00	—
(A) Total Current Assets	4563099.00	9599646.00		
<u>CURRENT LIABILITIES</u>				

Sundry creditors	1673514.00	3492127.00	—	1818612.00
Provisions	368028.00	395638.00	—	27610.00
(B)Total Current Liabilities	2041543.00	3887764.00		
(A)-(B) Net Working Capital	2521556.00	5711881.00		
Increase in Working Capital	3190324.00*	—	—	3190324.00*
TOTAL	5711881.00	5711881.00	5107109.00	5107109.00

Table - III

Table 3: Comparative Finance Statement of Changes in for the Year 2017-2018

Particulars	As on 31-3-2015	As on 31-3-2016	Effect on working capital	
			Increase	Decrease
<u>CURRENT ASSETS</u>				
Inventories	2161071.00	3336430.00	1175359.00	—
Sundry debtors	4958527.00	1805948.00	—	3152579.00
Cash & Bank balance	1205660.00	1033152.00	—	172508.00
Other current assets	78260.00	189683.00	111423.00	—
Loans and Advances	1196128.00	2712404.00	1516276.00	—
(A) Total Current Assets	9599646.00	9077617.00		
<u>CURRENT LIABILITIES</u>				
Sundry creditors	3492127.00	2649781.00	842346.00	—
Provisions	395638.00	179298.00	216340.00	—

(B)Total Current Liabilities	3887764.00	2829079.00		
(A)-(B) Net Working Capital	5711881.00	6248538.00		
Increase in Working Capital	536657.00*	—	—	536657.00*
TOTAL	6248538.00	6248538.00	3861744.00	3861744.00

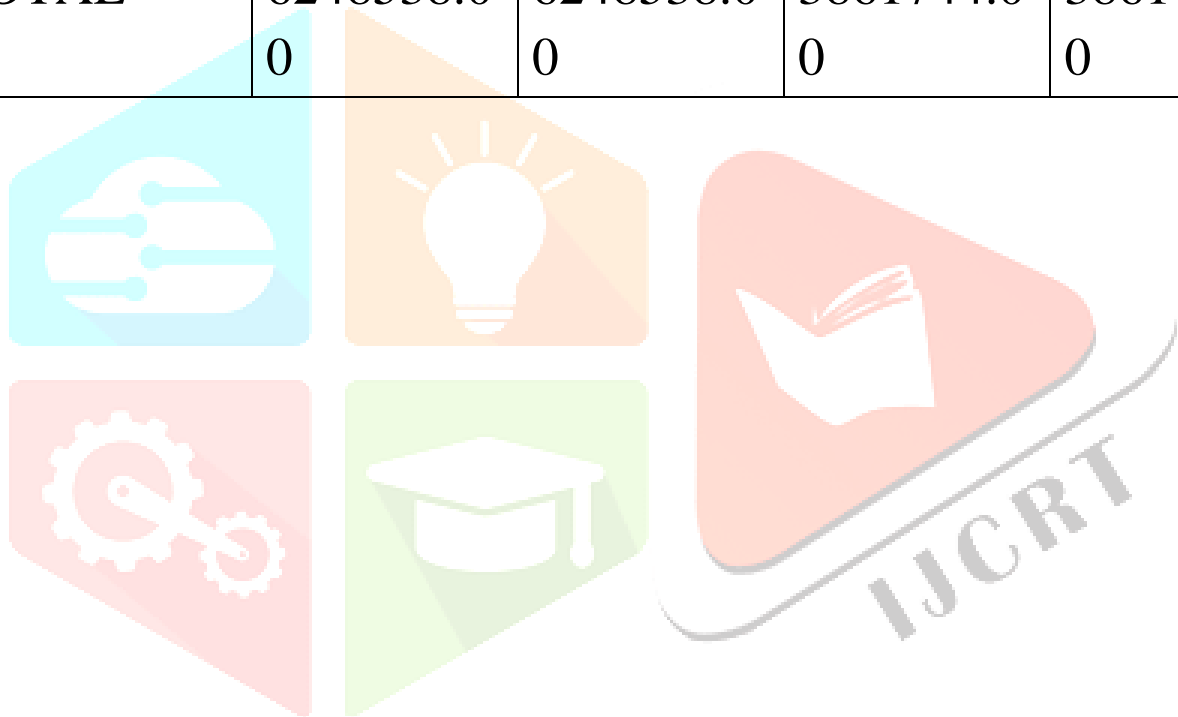


Table – IV**Table 4: Comparative Finance Statement of Changes in for the Year 2018-2019**

Particulars	As on 31-3-2018	As on 31-3-2019	Increase	Decrease
<u>CURRENT ASSETS</u>				
Inventories	3336430.00	2622901.00	—	713529.00
Sundry debtors	1805948.00	3787274.00	1981326.00	—
Cash & Bank balance	1033152.00	1720814.00	687663.00	—
Other current assets	189683.00	206206.00	16523.00	—
Loans and Advances	2712404.00	2666232.00	—	46172.00
(A) Total Current Assets	9077617.00	11003428.00		
<u>CURRENT LIABILITIES</u>				

Sundry creditors	2649781.00	2658999.00	—	9218.00
Provisions	179298.00	1230900.00	—	1051602.00
(B)Total Current Liabilities	2829079.00	3889899.00		
(A)-(B) Net Working Capital	6248538.00	7113529.00		
Increase in Working Capital	864991.00*	—	—	864991.00*
TOTAL	7113529.00	7113529.00	2667512.00	2667512.00

Table – V

Table 5: Comparative Finance Statement of Changes in for the Year 2019-2020

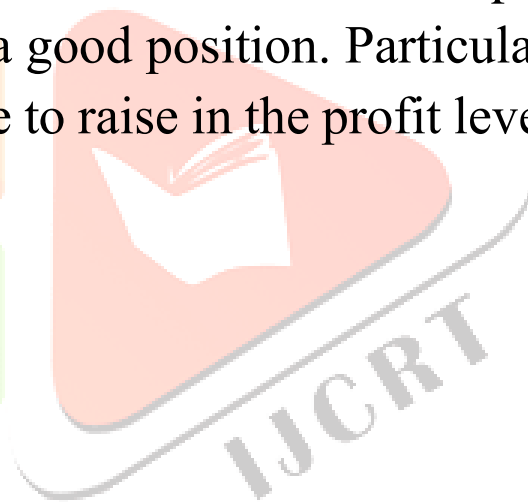
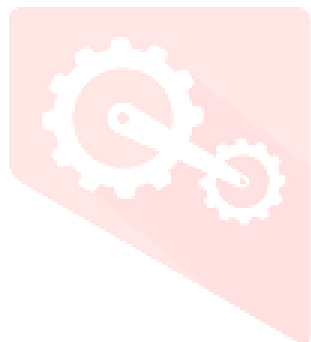
Particulars	As on 31-3-2019	As on 31-3-2020	Increase	Decrease
<u>CURRENT ASSETS</u>				
Inventories	2622901.00	2360611.00	—	262290.00
Sundry debtors	3787274.00	4355364.00	568091.00	—
Cash & Bank balance	1720814.00	1978938.00	258123.00	—
Other current assets	206206.00	185584.00	—	20621.00
Loans and Advances	2666232.00	3066167.00	399934.00	—
(A)Total Current Assets	11003428.00	11946666.00		
<u>CURRENT LIABILITIES</u>				

Sundry creditors	2658999.0 0	3057849.0 0	—	398850.00
Provisions	1230900.0 0	1107810.0 0	123090.00	—
(B)Total Current Liabilities	3889899.0 0	4165659.0 0		
(A)-(B) Net Working Capital	7113529.0 0	7781007.0 0		
Increase in Working Capital	667478.00 *	—	—	667478.00 *
TOTAL	8270981.0 0	8270981.0 0	1349239.0 0	1349239.0 0

CHAPTER-V

CONCLUSION

Global Textile buying in India come under the purview of “Tirupur” units. There are 45 more Global Textile Industry units / divisions. Of this Global Industry is one the unit and it earns more profit for every year continuously. The company has been successful in meeting the demanding requirements of not only in India but also international markets in terms of complicity of work as well as Finance department etc. Company has over the year established its reference in to countries across Tirupur. The company’s overall position is at a good position. Particularly the current year’s position is well due to raise in the profit level from the last year position.



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