CHAPTER V
FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 INTRODUCTION
This chapter deals with the summary of findings of the present study, associated with the working capital management and financial performance of selected spinning mills in Tamilnadu and suggestions to improve the selected spinning mills development in Tamilnadu, scope for further study and conclusion.

5.2 FINDINGS

1. CORRELATION ANALYSIS BETWEEN SELECTED VARIABLES WITH RETURN ON TOTAL ASSETS

I. LARGE SCALE COMPANIES

The correlation coefficient matrices of the selected variables with the dependent variable, i.e., return on total assets of selected for the periods from 2001 to 2011 in Precot Meredian, four variables namely \(X_1, X_2, X_{15}, \) and \(X_{20}\) have significant positive correlation with profitability of the company.

In Rajapalayam Mills Ltd, fifteen variables namely \(X_1, X_2, X_4, X_5, X_6, X_7, X_8, X_9, X_{11}, X_{12}, X_{13}, X_{15}, X_{18}, X_{19}\) and \(X_{20}\) have significant positive correlation with profitability.

In Super Spinning Mills Ltd, nine variables namely \(X_1, X_2, X_7, X_{15}, X_{17}, X_{18}, X_{19},\) and \(X_{20}\) have significant positive correlation with profitability.

In Lakshmi Mills Ltd, four \(X_1, X_2, X_{15}, \) and \(X_{18}\) have variables namely have significant positive correlation with profitability.

In Prime Urban Development Ltd, three variables namely \(X_{15}, X_{17}, \) and \(X_{18}\) have significant positive correlation with profitability.

In Shri Renuga Textiles Ltd, seven variables namely \(X_1, X_2, X_7, X_8, X_{14}, X_{15}, \) and \(X_{19}\) have significant positive correlation with profitability.
In National Textiles Corporation, seven Variables namely $X_1$, $X_{14}$, $X_{15}$, $X_{17}$, $X_{18}$, $X_{20}$, and $X_{22}$ have significant positive correlation with profitability.

In Thiyagaraja Mills, eight variables namely $X_1$, $X_{12}$, $X_{15}$, $X_{16}$, $X_{18}$, $X_{19}$, $X_{20}$, and $X_{21}$ have significant positive correlation with profitability.

In Ambika Cotton Spinning Mills, eleven variables namely $X_1$, $X_4$, $X_5$, $X_6$, $X_7$, $X_8$, $X_9$, $X_{15}$, $X_{18}$, $X_{19}$, and $X_{20}$ have significant positive correlation with profitability.

In Sree Karpagambal, fifteen variables namely, $X_1$, $X_2$, $X_4$, $X_5$, $X_6$, $X_7$, $X_8$, $X_9$, $X_{11}$, $X_{12}$, $X_{13}$, $X_{15}$, $X_{16}$, $X_{19}$, $X_{20}$, and $X_{22}$ have significant positive correlation with profitability.

In Sambandam Spining Mills Ltd., six variables namely $X_1$, $X_2$, $X_{15}$, $X_{17}$, $X_{18}$, and $X_{20}$ have significant positive correlation with profitability.

II. MEDIUM SCALE COMPANIES

The correlation coefficient matrices of the selected variables with the dependent variable, i.e., return on total assets of selected for the periods from 2001 to 2011 in Amarjothi Spinning Mills Ltd, four variables namely $X_1$, $X_{15}$, $X_{18}$, and $X_{20}$ have significant positive correlation with profitability of the company.

In Super Sales Spinning Mills Ltd, five variables namely $X_1$, $X_2$, $X_{15}$, $X_{18}$, and $X_{20}$ have significant positive correlation with profitability.

In Kandhagiri Spinning Mills, four variables namely $X_1$, $X_{15}$, $X_{18}$, and $X_{20}$ have significant positive correlation with profitability.

In Sri Ramakrishna Mills Ltd, six variables namely $X_8$, $X_{11}$, $X_{15}$, $X_{18}$, $X_{19}$, and $X_{20}$ have significant positive correlation with profitability.

In Maris Spinners Ltd, five variables namely $X_{13}$, $X_{15}$, $X_{16}$, $X_{18}$, and $X_{20}$ have significant positive correlation with profitability.

In Gem Spinners Ltd, three variables namely $X_{15}$, $X_{17}$, and $X_{18}$ have significant positive correlation with profitability.
In Sri Lakshmi Saraswathi Ltd., four variables namely $X_{13}, X_{15}, X_{18},$ and $X_{20}$ have significant positive correlation with profitability.

In Kadri Mills Ltd, eight variables namely $X_8, X_{10}, X_{12}, X_{15}, X_{16}, X_{18}, X_{19}$ and $X_{20}$ have significant positive correlation with profitability.

### III. SMALL SCALE COMPANIES

The correlation coefficient matrices of the selected variables with the dependent variable, i.e., return on total assets of selected for the periods from 2001 to 2011 in Lambodhara Textiles Ltd, six variables namely $X_1, X_2, X_{15}, X_{18}, X_{19}$ and $X_{20}$ have significant positive correlation with profitability.

In Thambi Modern Spinning Mills, two variables namely $X_{15}$ and $X_{18}$ have significant positive correlation with profitability.

In Salem textiles Ltd, two variables namely $X_{17}$ and $X_{20}$ have significant positive correlation with profitability.

In Sundaram textiles Ltd, four variables namely $X_1, X_2, X_{18}$ and $X_{20}$ have significant positive correlation with profitability.

In Binny Ltd, seven $X_1, X_2, X_8, X_{16}, X_{19}, X_{20}$ and $X_{22}$ have significant positive correlation with profitability.

In Sri Ganapathy Mills Ltd, four variables namely $X_1, X_{15}, X_{18}$ and $X_{20}$ have significant positive correlation with profitability.

In Janakiraman Mills Ltd, three variables namely $X_{16}, X_{17}$ and $X_{20}$ have significant positive correlation with profitability.

In Kothari Industrial Corporation, two variables namely $X_{15}$ and $X_{22}$ have significant positive correlation with profitability.
2.A. MULTIPLE REGRESSION ANALYSIS OF THE SELECTED VARIABLES WITH THE RATIO OF RETURN ON TOTAL ASSETS

I. LARGE SCALE COMPANIES

In Precot Meredian, t and Sig (p) values give a rough indication of the impact of each predictor variable like $X_2$ (Return On Net Worth) (t=-3.236, p=0.014, P < 0.01), $X_4$ (Debt to Capital Employed) (t=-2.540, P=0.044, P<0.05), $X_5$ (Debt to Net Fixed Assets) (t=-2.55, P=0.045, P<0.05) $X_8$ (Total Assets Turnover Ratio) (t=12.993, P=0.000, P < 0.01), $X_6$ (Capital Employed Turnover Ratio), t=2.540, P=0.04, P< 0.05), $X_9$ (Accumulated Depreciation to Gross Fixed Assets) (t=-2.540, P=0.044, P<0.05), $X_{14}$ (Quick Ratio) (t=-2.519, P=0.045, P<0.05) $X_{15}$ (Net profit Ratio) (t=-67.197, P=0.000, P<0.01) these eight variables are significantly contributing to return on total assets, a big absolute t value and p value suggests that a predictor variable is having a large impact on return on total assets. The coefficient of determination $R^2$ value showed that the 22 variables put together explained the variations of return on total assets to the extent of 99.5 per cent.

In Rajapalayam Mills Ltd., t and Sig (p) values give a rough indication of the impact of each predictor variable like $X_2$ (Return On Net Worth) (t=13.524, P=0.000, P < 0.01), $X_7$ (Net Fixed Assets Turnover Ratio) (t=10.632, P=0.000, P<0.01), $X_{18}$ (Interest Coverage Turnover Ratio) (t=1.201, P=0.044, P<0.05), $X_{19}$ (Total Income Total Assets) (t=1.019, P=0.055, P < 0.05), and $X_{21}$ (Raw Material Consumed to Total Sales) (t=-2.614, P=0.035, P < 0.05) these five variables are significantly contributing to return on total assets, a big absolute t value and p value suggests that a predictor variable is having a large impact on return on total assets.

In Super Spinning Mills Ltd., t and Sig (p) values give a rough indication of the impact of each predictor variable like $X_{15}$ (Net profit Ratio) (t=42.073, P=0.000, P < 0.01), and $X_{19}$ (Total Income Total Assets) (t=6.84, P=0.000, P < 0.01) these two variables are significantly contributing to return on total assets.

In Lakshmi Mills Ltd., t and Sig (p) values give a rough indication of the impact of each predictor variable like $X_2$ (Return On Net Worth) (t=5.546, P=0.000, P < 0.01) which is significantly contributing to return on total assets.
In Prime Urban Ltd., t and Sig (p) values give a rough indication of the impact of each predictor variable like $X_{21}$ (Raw Material Consumed to Total Sales) \( (t = 3.94, P.003, P < 0.01) \) which is significantly contributing to return on total assets.

In Shri Renuga Textilies, t and Sig (p) values give a rough indication of the impact of each predictor variable like $X_2$ (Return On Net Worth) \( (t = 31.51, P.000, P < 0.01) \) and $X_3$ (Debt Equity Ratio) \( (-4.73, P.001, P < 0.01) \), these two variables are significantly contributing to return on total assets.

In National Textilies Corporation, t and Sig (p) values give a rough indication of the impact of each predictor variable like $X_{17}$ (Working Capital to Total assets) \( (t = 38.39, P.000, P < 0.01) \) and $X_{20}$ (Operating Profit to Total Sales) \( (t = 162.69, P.001, P < 0.01) \), these two variables are significantly contributing to return on total assets.

In Thiyagarajar Mills Ltd, t and Sig (p) values give a rough indication of the impact of each predictor variable like $X_2$ (Return On Net Worth) \( (t = -8.192, P.000, P < 0.01) \), $X_{16}$ (Interest Turnover Ratio) \( (t = 10.637, P.000, P < 0.01) \), $X_{18}$ (Interest Coverage Turnover Ratio) \( (t = -5.268, P.002, P < 0.01) \), and $X_{20}$ (Operating Profit to Total Sales) \( (t = 21.007, P.000, P < 0.01) \), these four variables are significantly contributing to return on total assets.

In Ambika Cotton Spinning Mills, t and Sig (p) values give a rough indication of the impact of each predictor variable like $X_1$ (Return On Capital Employed) \( (t = 7.049, P.000, P < 0.01) \) and $X_{18}$ (Interest Coverage Turnover Ratio) \( (t = 4.29, P.004, P < 0.01) \) these two variables are significantly contributing to return on total assets.

In Sree Karpagambal Mills, t and Sig (p) values give a rough indication of the impact of each predictor variable like $X_7$ (Net Fixed Assets Turnover Ratio) \( (t = 6.308, P.000, P < 0.01) \), and $X_{10}$ (Gross Fixed Assets to Net Fixed Assets) \( (t = 2.980, P.021, P < 0.05) \), these two variables are significantly contributing to return on total assets, a big absolute t value and p value suggests that a predictor variable is having a large impact on return on total assets.

In Sambandam Mills, t and Sig (p) values give a rough indication of the impact of each predictor variable like $X_1$ (Return On Capital Employed) \( (t = 10.39, P.000, P < 0.01) \), these two variables are significantly contributing to return on total assets.
P < 0.01), X_{15} (Net profit Ratio) (t 12.77, P.000, P < 0.01), and X_{22} (Debtors Turnover Ratio) (t 3.65, P.008, P < 0.01) these two variables are significantly contributing to return on total assets.

II. MEDIUM SCALE COMPANIES

In Amarjothi Spinning Mills t and Sig (p) values give a rough indication of the impact of each predictor variable like X_{15} (Net profit Ratio) (t 31.675, P.000, P < 0.01) and X_{20} (Operating Profit to Total Sales) (t 4.342, P.002, P < 0.01), these two variables are significantly contributing to return on total assets.

In Super Sales Ltd, the t and Sig (p) values give a rough indication of the impact of each predictor variable X_{1} (Return on Capital Employed) (t 8.072, P.000, p<0.01) and X_{17} (Debtors Turnover Ratio) (t 4.949, P.001, P < 0.01), these two variables are significantly contributing to return on total assets.

In Khandagiri, t and Sig (p) values give a rough indication of the impact of each predictor variable like X_{1} (Return On Capital Employed) (t 4.155, P.009, P < 0.01), X_{3} (Debt Equity Ratio) (t -23.07, P .000, P < 0.01) X_{15} (Net profit Ratio) (t 18.475, P .000, P < 0.01), X_{16} (Interest Turnover Ratio) (t 7.633, p.001, P < 0.01) and X_{18} (Interest Coverage Turnover Ratio) (t 15.660, P.000, P < 0.01), these five variables are significantly contributing to return on total assets.

In Sri Ramakrishna Mills, t and Sig (p) values give a rough indication of the impact of each predictor variable like X_{12} (Net Current Assets Turnover Ratio) (t- 2.329, P.048, P < 0.01), and X_{15} (Net profit Ratio) (t 18.475, P. 000, P < 0.01), these two variables are significantly contributing to return on total assets.

In Maris Spinners, t and Sig (p) values give a rough indication of the impact of each predictor variable like X_{15} (Net profit Ratio) (t 16.799, P .000, P < 0.01) is significantly contributing to return on total assets, a big absolute t value and p value suggests that a predictor variable is having a large impact on return on total assets.

In Gem Spinners, t and Sig (p) values give a rough indication of the impact of each predictor variable like X_{1} (Return On Capital Employed) (t -3.256, P.017, P < 0.01),
$X_{12}$ (Net Current Assets Turnover Ratio) ($t = -8.636$, $P.000$, $P < 0.01$) and $X_{18}$ (Interest Coverage Turnover Ratio) ($t = 11.944$, $P.000$, $P < 0.01$), these three variables are significantly contributing to return on total assets.

In Sri Lakshmi Saraswathi, $t$ and Sig ($p$) values give a rough indication of the impact of each predictor variable like $X_{15}$ (Net profit Ratio) ($t = 14.368$, $P.000$, $P < 0.01$) is significantly contributing to return on total assets.

In Kadri Ltd., $t$ and Sig ($p$) values give a rough indication of the impact of each predictor variable like $X_{12}$ (Net Current Assets Turnover Ratio) ($t = 3.880$, $P.005$, $P < 0.01$), $X_{14}$ (Quick Ratio) ($t = 2.312$, $P.054$, $P < 0.05$), and $X_{15}$ (Net profit Ratio) ($t = 15.269$, $P.000$, $P < 0.01$), these three variables are significantly contributing to return on total assets.

III. SMALL SCALE COMPANIES

In Lambodhara, $t$ and Sig ($p$) values give a rough indication of the impact of each predictor variable like $X_{13}$ (Current Ratio) ($t = 12.226$, $P.000$, $P < 0.01$), $X_{15}$ (Net profit Ratio) ($t = 24.340$, $P.000$, $P < 0.01$), and $X_{18}$ (Interest Coverage Turnover Ratio), ($t = 8.515$, $P.000$, $P < 0.01$) these three variables are significantly contributing to return on total assets.

In Thambi Modern Spinning Mills, $t$ and Sig ($p$) values give a rough indication of the impact of each predictor variable $X_{15}$ (Net profit Ratio) ($t = 6.878$, $P.002$, $P < 0.01$), $X_{19}$ (Total Income Total Assets) ($t = 29.1$, $P.000$, $P < 0.01$), $X_{20}$ (Operating Profit to Total Sales) ($t = 32.624$, $P.000$, $P < 0.01$), and $X_{22}$ (Debtors Turnover Ratio) ($t = 4.368$, $P.012$, $P < 0.01$), these four variables are significantly contributing to return on total assets.

In Salem Textiles Ltd., $t$ and Sig ($p$) values give a rough indication of the impact of each predictor variable like $X_{17}$ (Working Capital to Total assets), ($t = 3.899$, $P.008$, $P < 0.01$), $X_{19}$ (Total Income Total Assets) ($t = 2.571$, $P.042$, $P < 0.05$), $X_{20}$ (Operating Profit to Total Sales) ($t = 2.414$, $P.052$, $P < 0.01$), and $X_{22}$ (Debtors Turnover Ratio) ($t = -3.566$, $P.012$, $P < 0.01$), these four variables are significantly contributing to return on total assets.
In Sundaram Ltd., t and Sig (p) values give a rough indication of the impact of each predictor variable like $X_7$ (Net Fixed Assets Turnover Ratio) ($t = 4.941$, $P < 0.01$), and $X_{18}$ (Interest Coverage Turnover Ratio) ($t = 10.234$, $P < 0.01$), these two variables are significantly contributing to return on total assets, a big absolute t value and p value suggests that a predictor variable is having a large impact on return on total assets.

In Binny Ltd., t and Sig (p) values give a rough indication of the impact of each predictor variable like $X_2$ (Return On Net Worth) ($t = 81.951$, $P < 0.01$), $X_3$ (Debt Equity Ratio) ($t = -33.469$, $P < 0.01$), $X_7$ (Net Fixed Assets Turnover Ratio) ($t = -185.828$, $P < 0.01$), $X_{18}$ (Interest Coverage Turnover Ratio) ($t = 24.567$, $P < 0.01$), $X_{19}$ (Total Income Total Assets) ($t = 21.016$, $P < 0.01$), and $X_{22}$ (Debtors Turnover Ratio) ($t = 8.840$, $P < 0.01$), these six variables are significantly contributing to return on total assets.

In Sri Ganapathy Ltd., t and Sig (p) values give a rough indication of the impact of each predictor variable like $X_{15}$ (Net profit Ratio) ($t = 87.213$, $P < 0.01$), and $X_{22}$ (Debtors Turnover Ratio) ($t = -8.478$, $P < 0.01$), these two variables are significantly contributing to return on total assets, a big absolute t value and p value suggests that a predictor variable is having a large impact on return on total assets.

In Janakiraman Mills Ltd., t and Sig (p) values give a rough indication of the impact of each predictor variable like $X_8$ (Total Assets Turnover Ratio) ($t = -7.634$, $P = 0.01$), $X_{15}$ (Net profit Ratio) ($t = 4.619$, $P = 0.01$), and $X_{20}$ (Operating Profit to Total Sales) ($t = 7.298$, $P < 0.01$), these two variables are significantly contributing to return on total assets.

In Kothari Ltd., t and Sig (p) values give a rough indication of the impact of each predictor variable like $X_8$ (Total Assets Turnover Ratio), ($t = 8.398$, $P < 0.01$), $X_{11}$ (Current Assets Turnover Ratio), ($t = 3.226$, $P < 0.01$), $X_{15}$ (Net profit Ratio) ($t = 6.823$, $P < 0.01$), and $X_{21}$ (Raw Material Consumed to Total Sales) ($t = 3.114$, $P < 0.05$), these four variables are significantly contributing to return on total assets, a big absolute t value and p value suggests that a predictor variable is having a large impact on return on total assets.
2. B. 2 REGRESSION ANALYSIS

I LARGE SCALE COMPANIES

1. GROSS WORKING CAPITAL AND SALES

Gross working capital and sales are significantly correlated at 5 percent level in respect of all the selected spinning mills. However, among the spinning mills, the correlation is not significant in Lakshmi, Shri Renuga and NTC. The high correlation confirms our theoretical assertion that working capital and sales are functionally related to each other. The values of parameter $\beta$ indicate that working capital is more sensitive to the change in sales in the selected units in the industry. The values of parameter $\beta$ are quite high in Shri Renuga Textiles (1.05) compared with that in Lakshmi Mills (-0.246). It reflects upon the efficiency of managements in these units for a unit increase in sales. The linear regression equations given in the above table can also be used for projecting the requirements of working capital for a given volume of sales in any of the units under study. The value of parameter ‘$\alpha$’, which is the lowest in large scale companies.

2. GROSS WORKING CAPITAL AND CASH & BANK

Gross working capital and cash & bank are significantly correlated at 5 percent level in respect of all the selected spinning mills. However, among the spinning mills, the correlation is not significant in Rajapalayam mills, Lakshmi, Prime Urban, Thiyagarajar, Sree Karpagambal and Sambandam. The high correlation confirms our theoretical assertion that working capital and cash and bank are functionally related to each other. The values of parameter $\beta$ indicate that working capital is more sensitive to the change in cash and bank in the selected units in the industry. The values of parameter $\beta$ are quite high in NTC (69.9) compared with that in Prime Urban (-1.86). It reflects upon the efficiency of managements in these units for a unit increase in cash and bank. The linear regression equations given in the above table can also be used for projecting the requirements of working capital for a given volume of cash and bank in any of the units under study. The value of parameter ‘$\alpha$’, which is the lowest in large scale companies.
3. GROSS WORKING CAPITAL AND CURRENT ASSETS

Gross working capital and current assets are significantly correlated at 5 percent level in respect of all the selected spinning mills. However, among the spinning mills, the correlation is significant in all the textiles. The high correlation confirms our theoretical assertion that working capital and current assets are functionally related to each other. The values of parameter $\beta$ indicate that working capital is more sensitive to the change in current assets in the selected units in the industry. The values of parameter $\beta$ are quite high in Lakshmi Mills (1.10) compared with that in Super Spinning Mills (0.66). It reflects upon the efficiency of managements in these units for a unit increase in current assets. The linear regression equations given in the above table can also be used for projecting the requirements of working capital for a given volume of current assets in any of the units under study. The value of parameter ‘$\alpha$’, which is the lowest in large scale companies.

4. GROSS WORKING CAPITAL AND TOTAL ASSETS

Gross working capital and total assets are significantly correlated at 5 percent level in respect of all the selected spinning mills. However, among the spinning mills, the correlation is not significant in Precot Meredian and Lakshmi Mills. The high correlation confirms our theoretical assertion that working capital and total assets are functionally related to each other. The values of parameter $\beta$ indicate that working capital is more sensitive to the change in total assets in the selected units in the industry. The values of parameter $\beta$ are quite high in NTC (1.04) compared with that in Prime urban (-0.130). It reflects upon the efficiency of managements in these units for a unit increase in total assets. The linear regression equations given in the above table can also be used for projecting the requirements of working capital for a given volume of total assets in any of the units under study. The value of parameter ‘$\alpha$’, which is the lowest in large scale companies.

5. GROSS WORKING CAPITAL AND INVENTORIES

Gross working capital and inventories are significantly correlated at 5 percent level in respect of all the selected spinning mills. However, among the spinning mills, the
correlation is not significant in NTC. The high correlation confirms our theoretical assertion that working capital and inventories are functionally related to each other. The values of parameter $\beta$ indicate that working capital is more sensitive to the change in inventories in the selected units in the industry. The values of parameter $\beta$ are quite high in Rajapalayam Mills (2.92) compared with that in NTC (-3.59). It reflects upon the efficiency of managements in these units for a unit increase in inventories. The linear regression equations given in the above table can also be used for projecting the requirements of working capital for a given volume of inventories in any of the units under study. The value of parameter ‘$\alpha$’, which is the lowest in large scale sector.

II MEDIUM SCALE COMPANIES

1. GROSS WORKING CAPITAL AND SALES

Gross working capital and sales are significantly correlated at 5 percent level in respect of all the selected spinning mills. However, among the spinning mills, the correlation is not significant in Gem Spinners and Sri Lakshmi Saraswathi. The high correlation confirms our theoretical assertion that working capital and sales are functionally related to each other. The values of parameter $\beta$ indicate that working capital is more sensitive to the change in sales in the selected units in the industry. The values of parameter $\beta$ are quite high in Marris Spinners (0.932) compared with that in Sri Lakshmi Saraswathi (-0.079). It reflects upon the efficiency of managements in these units for a unit increase in sales. The linear regression equations given in the above table can also be used for projecting the requirements of working capital for a given volume of sales in any of the units under study. The value of parameter ‘$\alpha$’, which is the lowest in medium scale companies.

2. GROSS WORKING CAPITAL AND CASH & BANK

Gross working capital and cash& bank are significantly correlated at 5 percent level in respect of all the selected spinning mills. However, among the spinning mills, the correlation is not significant in Amarjothi, Super Sales, Khandhagiri, Sri Ramakrishna, Marris Spinners, and Gem Spinners. The high correlation confirms our theoretical assertion that working capital and cash and bank are functionally related to each other.
The values of parameter $\beta$ indicate that working capital is more sensitive to the change in cash and bank in the selected units in the industry. The values of parameter $\beta$ are quite high in Super Sales (10.5) compared with that in Sri Lakshmi Saraswathi (-9.32). It reflects upon the efficiency of managements in these units for a unit increase in sales. The linear regression equations given in the above table can also be used for projecting the requirements of working capital for a given volume of cash and bank in any of the units under study. The value of parameter ‘$\alpha$’, which is the lowest in medium scale companies.

3. GROSS WORKING CAPITAL AND CURRENT ASSETS

Gross working capital and current assets are significantly correlated at 5 percent level in respect of all the selected spinning mills. However, among the spinning mills, the correlation is not significant in Gem Spinners. The high correlation confirms our theoretical assertion that working capital and current assets are functionally related to each other. The values of parameter $\beta$ indicate that working capital is more sensitive to the change in sales in the selected units in the industry. The values of parameter $\beta$ are quite high in Marris Spinners (1.05) compared with that in Gem spinners (0.0068). It reflects upon the efficiency of managements in these units for a unit increase in current assets. The linear regression equations given in the above table can also be used for projecting the requirements of working capital for a given volume of current assets in any of the units under study. The value of parameter ‘$\alpha$’, which is the lowest in medium scale companies.

4. GROSS WORKING CAPITAL AND TOTAL ASSETS

Gross working capital and total assets are significantly correlated at 5 percent level in respect of all the selected spinning mills. However, among the spinning mills, the correlation is significant in all the industries. The high correlation confirms our theoretical assertion that working capital and total assets are functionally related to each other. The values of parameter $\beta$ indicate that working capital is more sensitive to the change in sales in the selected units in the industry. The values of parameter $\beta$ are quite high in Sri Ramakrishna Mills Ltd (0.631) compared with that in Khandhagiri spinning
It reflects upon the efficiency of managements in these units for a unit increase in total assets. The linear regression equations given in the above table can also be used for projecting the requirements of working capital for a given volume of total assets in any of the units under study. The value of parameter ‘α’, which is the lowest in medium scale companies.

5. GROSS WORKING CAPITAL AND INVENTORIES

Gross working capital and inventories are significantly correlated at 5 percent level in respect of all the selected spinning mills. However, among the spinning mills, the correlation is not significant in Sri Ramakrishna Mills, Gem Spinners and Sri Lakshmi Saraswathi. The high correlation confirms our theoretical assertion that working capital and inventories are functionally related to each other. The values of parameter β indicate that working capital is more sensitive to the change in inventories in the selected units in the industry. The values of parameter β are quite high in Super sales Spinning Mills (2.25) compared with that in Sri Lakshmi Saraswathi (0.297). It reflects upon the efficiency of managements in these units for a unit increase in inventories. The linear regression equations given in the above table can also be used for projecting the requirements of working capital for a given volume of inventories in any of the units under study. The value of parameter ‘α’, which is the lowest in medium scale companies.

III SMALL SCALE COMPANIES

1. GROSS WORKING CAPITAL AND SALES

Gross working capital and sales are significantly correlated at 5 percent level in respect of all the selected spinning mills. However, among the spinning mills, the correlation is not significant in Thambi modern Spining Mills, Sundaram Textiles and Binny Ltd. The high correlation confirms our theoretical assertion that working capital and sales are functionally related to each other. The values of parameter β indicate that working capital is more sensitive to the change in sales in the selected units in the industry. The values of parameter β are quite high in Salem Textiles (0.762) compared with that in Binny Ltd (-0.446). It reflects upon the efficiency of managements in these units for a unit increase in sales. The linear regression equations given in the above table
can also be used for projecting the requirements of working capital for a given volume of sales in any of the units under study. The value of parameter ‘\( \alpha \)’, which is the lowest in small scale companies.

2. GROSS WORKING CAPITAL AND CASH & BANK

Gross working capital and cash & bank are significantly correlated at 5 percent level in respect of all the selected spinning mills. However, among the spinning mills, the correlation is not significant in all the industries except in Thambi Modern spinning Mills. The high correlation confirms our theoretical assertion that working capital and cash and bank are functionally related to each other. The values of parameter \( \beta \) indicate that working capital is more sensitive to the change in cash and bank in the selected units in the industry. The values of parameter \( \beta \) are quite high in Thambi Modern Spinning (25.0) compared with that in Salem Textiles (-35.5). It reflects upon the efficiency of managements in these units for a unit increase in cash and bank. The linear regression equations given in the above table can also be used for projecting the requirements of working capital for a given volume of cash and bank in any of the units under study. The value of parameter ‘\( \alpha \)’, which is the lowest in small scale companies.

3. GROSS WORKING CAPITAL AND CURRENT ASSETS

Gross working capital and current assets are significantly correlated at 5 percent level in respect of all the selected spinning mills. However, among the spinning mills, the correlation is not significant in Kothari Industrial Corporation. The high correlation confirms our theoretical assertion that working capital and current assets are functionally related to each other. The values of parameter \( \beta \) indicate that working capital is more sensitive to the change in current assets in the selected units in the industry. The values of parameter \( \beta \) are quite high in Lambodhara (0.975) compared with that in Kothari Industrial Corporation (-0.384). It reflects upon the efficiency of managements in these units for a unit increase in current assets. The linear regression equations given in the above table can also be used for projecting the requirements of working capital for a given volume of current assets in any of the units under study. The value of parameter ‘\( \alpha \)’, which is the lowest in small scale companies.
4. GROSS WORKING CAPITAL AND TOTAL ASSETS

Gross working capital and total assets are significantly correlated at 5 percent level in respect of all the selected spinning mills. However, among the spinning mills, the correlation is not significant in Binny Ltd. The high correlation confirms our theoretical assertion that working capital and total assets are functionally related to each other. The values of parameter $\beta$ indicate that working capital is more sensitive to the change in total assets in the selected units in the industry. The values of parameter $\beta$ are quite high in Thambi Modern spinning Mills (0.996) compared with that in Kothari (-0.175). It reflects upon the efficiency of managements in these units for a unit increase in total assets. The linear regression equations given in the above table can also be used for projecting the requirements of working capital for a given volume of total assets in any of the units under study. The value of parameter ‘$\alpha$’, which is the lowest in small scale companies.

5. GROSS WORKING CAPITAL AND INVENTORIES

Gross working capital and inventories are significantly correlated at 5 percent level in respect of all the selected spinning mills. However, among the spinning mills, the correlation is not significant in Binny Ltd., Sri Ganapathy Mills and Kothari. The high correlation confirms our theoretical assertion that working capital and inventories are functionally related to each other. The values of parameter $\beta$ indicate that working capital is more sensitive to the change in inventories in the selected units in the industry. The values of parameter $\beta$ are quite high in Salem Textiles (4.91) compared with that in Kothari (-0.460). It reflects upon the efficiency of managements in these units for a unit increase in inventories. The linear regression equations given in the above table can also be used for projecting the requirements of working capital for a given volume of inventories in any of the units under study. The value of parameter ‘$\alpha$’, which is the lowest in small scale companies.
2.C. WORKING CAPITAL INDICIES AND TREND VALUES

I. LARGE SCALE COMPANIES

The indices of working capital in Precot Meredian throughout the period of study marked a fluctuating trend. It fluctuated from 126.28 in 2003 to 218.69 in 2011, showing a wide gap of 92.41. The main reason for the sharp increase in the indices of working capital during 2009-10 and 2010-11 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2009-10 was mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2010-2011 was very large due to high increase of inventories in the current assets.

In Rajapalayam Mills Ltd., trend is fluctuated from 124.79 in 2003 to 371.87 in 2011, showing a wide gap of 147.08. The main reason for the sharp increase in the indices of working capital during 2008-09 and 2009-10 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2010-11 was mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2010-2011 was very large due to high increase of inventories in the current assets.

In Super Spinning Mills Ltd., trend is fluctuated from 192.98 in 2004 to 249.11 in 2011, showing a wide gap of 56.13. The main reason for the sharp increase in the indices of working capital during 2010-11 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2008-09 and 2009-10 was mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2006-2007 was very large due to high increase of inventories in the current assets.

In Lakshmi Mills & co Ltd., trend is fluctuated from 55.78 in 2002 to 148.11 in 2011, showing a wide gap of 92.33. The main reason for the sharp increase in the indices of working capital during 2009-10 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2008-09
was mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2009 - 2010 was very large due to high increase of inventories in the current assets.

In Prime Urban trend is fluctuated from 173.19 in 2006 to 91.99 in 2011, showing a wide gap of 81.20. The main reason for the sharp increase in the indices of working capital during 2005-06 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2009-10 and 2010-11 was mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2009 - 2010 was very large due to high increase of inventories in the current assets.

In Shri Renuga Textiles trend is fluctuated from 130.51 in 2004 to 104.88 in 2011, showing a wide gap of 25.63. The main reason for the sharp increase in the indices of working capital during 2006-07 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2006 – 2009 was mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2007-08 was very large due to high increase of inventories in the current assets.

In National Textiles Corporation trend is fluctuated from 487.10 in 2002 to 51.21 in 2011, showing a wide gap of 435.89. The main reason for the sharp increase in the indices of working capital during 2003-04 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2004-05 was mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2003-04 was very large due to high increase of inventories in the current assets.

In Thiyagarajar Mills Ltd trend is fluctuated from 122.43 in 2003 to 113.29 in 2011, showing a wide gap of 8.15. The main reason for the sharp increase in the indices of working capital during 2005-06 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2009-10
was mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2005-06 was very large due to high increase of inventories in the current assets.

In Ambika Cotton Spinning Mills trend is fluctuated from 63.26 in 2002 to 629.78 in 2011, showing a wide gap of 566.45. The main reason for the sharp increase in the indices of working capital during 2010-11 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2002-03 was mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2010-11 was very large due to high increase of inventories in the current assets.

In Shree Karpagambal trend is fluctuated from 03.65 in 2002 to 164.10 in 2011, showing a wide gap of 60.45. The main reason for the sharp increase in the indices of working capital during 2007-08 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2009-10 was mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2007-08 was very large.

In Sambandam trend is fluctuated from 100.94 in 2002 to 418.88 in 2011, showing a wide gap of 317.94. The main reason for the sharp increase in the indices of working capital during 2007-08 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2003-04 was mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2007-08 was very large due to high increase of inventories in the current assets.

II. MEDIUM SCALE COMPANIES

The indices of working capital in Amarjothi Spinning Mills, trend is fluctuated from 89.97 in 2002 to 274.34 in 2011, showing a wide gap of 84.37. The main reason for the sharp increase in the indices of working capital during 2010-11 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2001-2002 was mainly due to decrease in inventories. The
difference in actual and trend values was positive in all the years. The positive difference in 2009-10 and 2010-11 was very large due to high increase of inventories in the current assets.

In Super Sales Spinning Mills, trend is fluctuated from 85.99 in 2002 to 620.25 in 2011, showing a wide gap of 534.26. The main reason for the sharp increase in the indices of working capital during 2009 – 10 and 2010 - 11 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2002-03 was mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2009-10 was very large due to high increase of inventories in the current assets.

In Khandagiri Spinning Mills, trend is fluctuated from 74.57 in 2003 to 244.27 in 2011, showing a wide gap of 169.7. The main reason for the sharp increase in the indices of working capital during 2009 - 10 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2002-03 was mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2009-10 was very large due to high increase of inventories in the current assets.

In Sri Ramakrishna Spinning Mills Ltd., trend is fluctuated from 110.2324 in 2002 to 40.818 in 2011, showing a wide gap of 69.4138. The main reason for the sharp increase in the indices of working capital during 2002-03 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2010-11 was mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2001-02 was very large due to high increase of inventories in the current assets.

In Marris Spinning, trend is fluctuated from 64.86 in 2002 to 224.93 in 2011, showing a wide gap of 160.07. The main reason for the sharp increase in the indices of working capital during 2007-08 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2009-10 was
mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2006-07 was very large due to high increase of inventories in the current assets.

In Gem Spinners, trend is fluctuated from 124.58 in 2002 to 111.8366 in 2011, showing a wide gap of 12.7434. The main reason for the sharp increase in the indices of working capital during 2006-07 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2009-10 was mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2006-07 was very large due to high increase of inventories in the current assets.

In Sri Lakshmi Sarswathi, trend is fluctuated from 87.87 in 2002 to 129.8573 in 2011, showing a wide gap of 41.9873. The main reason for the sharp increase in the indices of working capital during 2006-07 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2001-02 was mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2007-08 was very large due to high increase of inventories in the current assets.

In Kadri Mills Ltd., trend is fluctuated from 71.84 in 2002 to 158.00 in 2011, showing a wide gap of 86.16. The main reason for the sharp increase in the indices of working capital during 2004-05 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2001-02 was mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 20 was very large due to high increase of inventories in the current assets.

III. SMALL SCALE COMPANIES

In Lambodhara, trend is fluctuated from 122.85 in 2002 to 724.07 in 2011, showing a wide gap of 601.22. The main reason for the sharp increase in the indices of working capital during 2009-10 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2001-02 was
mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2009-10 was very large due to high increase of inventories in the current assets.

In Thambi Modern Spinning Mills, trend is fluctuated from 82.40 in 2002 to 20.82 in 2011, showing a wide gap. The main reason for the sharp increase in the indices of working capital during 2003-04 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2010 – 11 was mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2003-04 was very large due to high increase of inventories in the current assets.

In Salem Textiles Ltd., trend is fluctuated from -51.63 in 2002 to -230.68 in 2011, showing a wide gap of -179.05. The main reason for the sharp increase in the indices of working capital during 2006-07 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2004-05 was mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2006-07 was very large due to high increase of inventories in the current assets.

In Sundaram Textiles Ltd., trend is fluctuated from 101.40 in 2002 to 122.34 in 2011, showing a wide gap of 20.94. The main reason for the sharp increase in the indices of working capital during 2006-07 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2004-05 was mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2006-07 was very large due to high increase of inventories in the current assets.

In Binny Ltd, trend is fluctuated from 139.92 in 2002 to 93.76 in 2011, showing a wide gap of 46.16. The main reason for the sharp increase in the indices of working capital during 2008-09 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2003-04 was
mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2004-05 and 2008-09 was very large due to high increase of inventories in the current assets.

In Sri Ganapathy Mills Company Ltd., trend is fluctuated from 75.13 in 2002 to 68.99 in 2011, showing a wide gap of 6.14. The main reason for the sharp increase in the indices of working capital during 2007-08 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2004-05 was mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2007-08 was very large due to high increase of inventories in the current assets.

In Janakiraman Spinning Mills, trend is fluctuated from 162.79 in 2002 to -202.64 in 2011, showing a wide gap of -39.9. The main reason for the sharp increase in the indices of working capital during 2007-08 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2009-10 was mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2002-03 was very large due to high increase of inventories in the current assets.

In Kothari Industrial Corporation, 162.79 in 2002 to -202.64 in 2011 162.79 in 2002 to -202.64 in 2011, showing a wide gap of -39.9. The main reason for the sharp increase in the indices of working capital during 2007-08 is that the current assets registered a higher growth rate than current liabilities. The reason for sharp decrease in working capital in 2009-10 was mainly due to decrease in inventories. The difference in actual and trend values was positive in all the years. The positive difference in 2002-03 was very large due to high increase of inventories in the current assets.
2. D  TREND ANALYSIS UNDER THE METHOD OF LEAST SQUARE

I. LARGE SCALE COMPANIES

1. OPERATING PROFIT

In trend movement for the year 2001, the operating profit will be the highest in the super spinning mills (34.89), lowest trend value to the Shri Karpagamabal Mills (9.27). and for the future period 2016 the trend value is highest in the Nationals Textiles Corporation i.e., 239.42 and followed by Ambika Cotton Spinning Mills i.e., 226.71 and the lowest trend value in the Prime Urban i.e., -16.56 followed by Lakshmi Mills Ltd., There was continuous increasing trend to NTC, Ambika, Sambandam and there was decreasing trend value in the Shree Karpagambal, Lakshmi, Thiyagaraja Mills.

2. NET SALES

In trend movement for the year 2001, the Net sales will be the highest in super spinning mills(244.68), lowest trend value to the Ambika (61.42). and for the future period 2016 the trend value is highest in the Precot Meredian i.e., 562.82 and followed by Super Spinning Mills i.e., 504.11 and the lowest trend value in the Lakshmi Mills i.e., 59.35 followed by Prime Urban., There was continuous increasing trend to Super Spinning, Precot Meredian, Super Spinning Mills and there was decreasing trend value in the Lakshmi, Prime urban.

3. TOTAL INCOME

In trend movement for the year 2001, the Total income will be the highest in the Super Spinning Mills (256.86), lowest trend value to the Ambika (64.09). and for the future period 2016 the trend value is highest in the Precot Meredian i.e., 571.22 and followed by Rajapalayam Mills i.e., 491.02 and the lowest trend value in the Thiyagaraja Mills i.e., (69.29)followed by Shri Karpagambal Mills. There was continuous increasing trend to Precot, Super, Rajapalayam, and there was decreasing trend value in the Thiyagaraja , Shree Karpagamabal, National Textiles Corporation.
4. NET PROFIT

In trend movement for the year 2001, the Net profit will be the highest in the Rajapalayam Mills (11.16), lowest trend value to the Sambandhan (1.14). and for the future period 2015 the trend value is highest in the Ambika i.e., (25.229) and followed by Rajapalayam Mills and the lowest trend value in the NTC i.e., (-1.11) followed by Lakshmi mills. There was continuous increasing trend to Ambika, Rajapalayam, Shri Renuga and there was decreasing trend value in the NTC, Lakshmi & Super Spinning Mills.

5. ANNUAL RESERVES

In trend movement for the year 2001, the Annual Reserves will be the highest in the Precot meredian (100.44), lowest trend value to the lakshmi (22.38). and for the future period 2015 the trend value is highest in the Lakshmi i.e.,(231.64) and followed by Ambika i.e.,(202.65) and the lowest trend value in the Karpagambal i.e., (14.84) followed by NTC. There was continuous increasing trend to Lakshmi, Ambika and there was decreasing trend value in the Karpagambal, NTC.

6. SHAREHOLDERS FUND

In trend movement for the year 2001, the Shareholders fund will be the highest in the NTC (133.53), lowest trend value to the Karpagambal (15.43) and for the future period 2015 the trend value is highest in the Lakshmi Mills i.e., 223.97 and followed by Ambika Cotton Spinning Mills i.e.,197.07 and the lowest trend value in the Karpagambal i.e.,15.36 followed by Shri Renuga. There was continuous increasing trend to NTC, Lakshmi, Ambika and there was decreasing trend value in the Karpagambal, Shri Renuga.

7. INVENTORIES

In trend movement for the year 2001, the inventories will be the highest in the Super Spinning Mills (52.47), lowest trend value to the Karpagambal (16.38). and for the future period 2016 the trend value is highest in the Ambika Cotton Spinning Mills i.e., 218.77 and followed by Precot Meredian i.e.,141.27 and the lowest trend value in the Prime Urban i.e.,14.513 followed by Shri Karpagamabal. There was continuous increasing trend to Super, Precot Meredian Ambika and there was decreasing trend value in the Karpagambal, Prime Urban.
II. MEDIUM SCALE COMPANIES

1. NET SALES

In trend movement for the year 2001, the net sales will be the highest in the Sri Ramakrishna i.e., 110.73, lowest trend value to the Super Sales (34.58). and for the future period 2015 the trend value is highest in the Super Sales i.e., 173.15 and followed by Gem Spinners i.e., 143.70 and the lowest trend value in the Sri Ramakrishna i.e., 12.73 followed by Sri Lakshmi Saraswathi. There was continuous increasing trend to Super Sales, Gem Spinners and there was decreasing trend value in the Sri Ramakrishna, Sri Lakshmi Saraswathi.

2. TOTAL INCOME

In trend movement for the year 2001, the total income will be the highest in the Sri Ramakrishna (109.75) and Sri Lakshmi Saraswathi (84.17) lowest trend value to the Super Sales (39.53) and for the future period 2016 the trend value is highest in the Super Sales i.e., 175.86 and followed by Gem Spinners i.e., 147.60 and the lowest trend value in the Sri Ramakrishna (35.94) followed by Sri Lakshmi Sarawathi 65.23. There was continuous increasing trend to Super Sales, Khandagiri, Amarjothi, Gem Spinners and there was decreasing trend value in the Sri Ramakrishna, Sri Lakshmi Saraswathi.

3. OPERATING PROFIT

In trend movement for the year 2001, the operating profit will be the highest in the Sri Ramakrishna (12.93), lowest trend value to the Kadri (6.32). and for the future period 2015 the trend value is highest in the Super Sales i.e., (41.26) and followed by Amarjothi i.e., 26.62 and the lowest trend value in the Gem Spinners i.e., (2.19) followed by Sri Lakshmi Sarawathi i.e., 4.25. There was continuous increasing trend to Amarjothi Spinners, Super Sales, and there was decreasing trend value in the Gem and Sri Lakshmi Saraswathi.

4. NET PROFIT

In trend movement for the year 2001, the net profit will be the highest in the Sri Lakshmi Sarswathi (3.38), lowest trend value to the Gem Spinners (-23.22). and for the
future period 2016 the trend value is highest in the Super Sales i.e., (16.58) and followed by Amarjothi i.e., 5.76 and the lowest trend value in the Sri Lakshmi Saraswathi (-5.14) followed by Sri Ramakrishna i.e.,(0.52). There was continuous increasing trend to Super sales, Amarjothi and there was decreasing trend value in the Sri Lakshmi Saraswathi, Sri Ramakrishna, Marris Spinners, Kadri.

5. ANNUAL RESERVE

In trend movement for the year 2001, the annual reserves will be the highest in the Kadri i.e., (21.14), lowest trend value to the Gem Spinners (-26.88) and for the future period 2016 the trend value is highest in the Super Sales i.e., 78.90 and followed by Khandhagiri i.e., (53.02) and the lowest trend value in the Gem Spinners (-16.64) followed by Marris Spinners i.e., 3.90. There was continuous increasing trend to Super Sales, Khandagiri, Amarjothi and there was decreasing trend value in the Gem Spinners, Marris, Sri Lakshmi Saraswathi

6. SHAREHOLDERS FUND

In trend movement for the year 2001, the Shareholders fund will be the highest in the Kadri i.e., (23.92), lowest trend value to the Gem spinners i.e., (1.72) and for the future period 2016 the trend value is highest in the Super Sales i.e., 81.97 and followed by Khandhagiri i.e., 56.88 and the lowest trend value in the Gem Spinners (-2.33) followed by Marris Spinners i.e., 11.92. There was continuous increasing trend to Super Sales, Khandagiri, Amarjothi, Sri Ramakrishna and there was decreasing trend value in the Gem, Marris Spinners

7. INVENTORIES

In trend movement for the year 2001, the inventories will be the highest in the Sri Lakshmi Saraswathi i.e., (21.95) lowest trend value to the Super Sales i.e., (9.36) and for the future period 2016 the trend value is highest in the Amarjothi i.e., 44.39 and followed by Super Sales i.e., (36.91) and the lowest trend value in the Sri Ramakrishna (6.67) followed by Sri Lakshmi Saraswathi (17.36). There was continuous increasing trend to Khandhagiri, Super sales, Amarjothi, Gem Spinners and there was decreasing trend value in the Sri Ramakrishna, Sri Lakshmi Saraswathi, Kadri.
III. SMALL SCALE COMPANIES

1. NET SALES

In trend movement for the year 2001, the net sales will be the highest in the Kothari (85.82), lowest trend value to the Lambodhara (13.87). and for the future period 2015 the trend value is highest in the Lambodhara i.e., 71.62 and followed by Sundaram i.e., 34.05 and the lowest trend value in the Binny Ltd., i.e., ( -20.18 ) followed by Salem Textiles i.e., (-2.69) . There was continuous increasing trend to Lambodjara, Sundaram, Thambi Modern Spinning, Janakiraman and there was decreasing trend value in the Binny, Salem, Kothari

2. TOTAL INCOME

In trend movement for the year 2001, the total income will be the highest in the Kothari i.e., (114.78), lowest trend value to the Lambodhara i.e.,(13.9). and for the future period 2016 the trend value is highest in the Lambodhara, i.e.,( 71.70) and followed by Sundaram i.e.,(33.68) and the lowest trend value in the Binny Ltd., ie.,(-17.11) followed by Kothari ie., (-9.95) There was continuous increasing trend to Lambodhara, Sundaram, Janakiraman and there was decreasing trend value in the Binny, Kothari, Salem Tex, Sri Ganapathy

3. OPERATING PROFIT

In trend movement for the year 2001, the operating profit will be the highest in the Sundaram i.e., (5.26), lowest trend value to the kothari i.e., (-11.78). and for the future period 2016 the trend value is highest in the Thambi Modern Spinning (12.66) and followed by Sundaram ie.,8.25 and the lowest trend value in the Binny Ltd., i.e., (-32.92) followed by Sri Ganapathy i.e., (2.09) . There was continuous increasing trend to Thambi Modern Spinning, Sundaram and there was decreasing trend value in the Binny Ltd, Sri Ganapathy.

4. NET PROFIT

In trend movement for the year 2001, the net profit will be the highest in the Kothari i.e., (45.53), lowest trend value to the Binny Ltd., (-26). and for the future period
2016 the trend value is highest in the Thambi Modern Spinning i.e., 17.148 and followed by Binny Ltd., i.e., 15.246 and the lowest trend value in the Kothari i.e.,(-13.04) followed by Janakiraman i.e., (-2.815) There was continuous increasing trend to Thambi Modern, Salem and there was decreasing trend value in the Kothari, Janakiraman.

5. ANNUAL RESERVES

In trend movement for the year 2001, the annual reserves will be the highest in the Kothari i.e.,(17.03), lowest trend value to the Binny Ltd.,i.e.,(-170.87). and for the future period 2016 the trend value is highest in the Binny Ltd., i.e.,(118.85) and followed by Sundaram i.e.,(27.194) and the lowest trend value in the Salem Textiles i.e.,(-133.52) followed by Kothari i.e.,(-37.679). There was continuous increasing trend to Binny Ltd., Sundaram, Thambi Modern and there was decreasing trend value in the Salem Textiles, Kothari, Janakiraman.

6. SHAREHOLDERS FUND

In trend movement for the year 2001, the Shareholders fund will be the highest in the Kothari i.e., (30.29), lowest trend value to the Binny Ltd., i.e., (-148.13). and for the future period 2016 the trend value is highest in the Binny Ltd.,i.e.,(480.45) and followed by Sundaram i.e., 27.78 and the lowest trend value in the Salem Textiles i.e.,(-127.57) followed by Kothari (-25.01). There was continuous increasing trend to Binny Ltd., Sundaram and there was decreasing trend value in the Salem Textiles, Kothari.

7. INVENTORIES

In trend movement for the year 2001, the inventories will be the highest in the Binny Ltd., i.e., (77.97), lowest trend value to the Salem Textiles i.e.,(2.06) and for the future period 2016 the trend value is highest in the Sundaram i.e., (16.77) and followed by Lambodhara i.e., (8.29) and the lowest trend value in the Binny Ltd., (-49.43) followed by Thambi Modern Spinning i.e., (-16.50). There was continuous increasing trend to Sundaram, Lambodhara and there was decreasing trend value in the Binny Ltd., Thambi Modern, Salem Textiles.
2.E PATH ANALYSIS

I.LARGE SCALE COMPANIES

Path analysis proves that in Precot Meredian for the period of 2000-01 -2010-11, the following independent factors have significant correlation co-efficient with the ratio of return on total assets; \( X_2 \) (Return On Net Worth) -.050, \( X_4 \) (Debt to Capital Employed) -.018, \( X_5 \) (Debt to Net Fixed Assets) -.017, \( X_6 \) (Capital Employed Turnover Ratio) -.019, \( X_8 \) (Total Assets Turnover Ratio) .094, \( X_9 \) (Accumulated Depreciation to Gross Fixed Assets) --.018, \( X_{14} \) (Quick Ratio) -.015, and \( X_{15} \) (Net profit Ratio) 1.052, and other variables have contributed directly towards the ratio of return on total assets whereas it is also indirectly reasonable when the respective variable is combined with other indirect effects but it is found to be statistically not significant. Finally, an insight this reveals that the variables \( X_8 \) and \( X_{15} \) contributes towards profitability and \( X_2, X_4, X_5, X_6 \) \( X_9, X_{14} \) reduces the profitability position. In Rajapalayam ltd, \( X_2 \) (Return On Net Worth), .566, \( X_7 \) (Net Fixed Assets Turnover Ratio) .522, \( X_{18} \) (Interest Coverage Turnover Ratio) .053, contribute towards profitability. In Super Spinning Mills Ltd., \( X_{15} \) (Net profit Ratio) .926, and \( X_{19} \) (Total Income Total Assets) .151, contributes towards profitability and for Lakshmi Mills Ltd, \( X_2 \) (Return On Net Worth) .880 contributes towards profitability. In Prime Urban towards \( X_{21} \) (Raw Material Consumed to Total Sales) -.79 reduces profitability and For Shree Renuga Textiles \( X_2 \) (Return On Net Worth) .979 contributes towards the profitability \( X_3 \) (Debt Equity Ratio) -.15 reduces profitability and for NTC Ltd., \( X_{17} \) (Working Capital to Total assets) .212, and \( X_{20} \) (Operating Profit to Total Sales) .899 contributes towards the profitability and for Thiagaraja Mills \( X_2 \) (Return On Net Worth) -.272, \( X_{18} \) (Interest Coverage Turnover Ratio) -.242, reduces the profitability and \( X_{16} \) (Interest Turnover Ratio) .355, \( X_{20} \) (Operating Profit to Total Sales) .921, contributes towards the profitability and for Ambika Cotton Spinning Mills \( X_1 \) (Return on Capital Employed) .691, \( X_8 \) (Total Assets Turnover Ratio) .246, and \( X_{18} \) (Interest Coverage Turnover Ratio) 343, contributes towards the profitability and for Sree Karpagambal Mills Ltd, \( X_5 \) (Debt to Net Fixed Assets) .407, \( X_{10} \) (Gross Fixed Assets to Net Fixed
II MEDIUM SCALE COMPANIES

In Amarjothi Spinning Mills, for the period of 2000-01 -2010-11, the following independent factors have significant correlation co-efficient with the ratio of return on total assets; X₁₅ (Net profit Ratio .901 ) and X₂₀ (Operating Profit to Total Sales .141), and other variables have contributed directly towards the ratio of return on total assets whereas it is also indirectly reasonable when the respective variable is combined with other indirect effects but it is found to be statistically not significant. Finally, an insight this reveals that the variables X₁₅ and X₂₀ contributes towards profitability. In Super Sales Spinning Ltd, X₁ - Return on Capital Employed (.714) and X₁₇ - Working Capital to Total assets (.384) contribute towards profitability. In Khandhagiri Spinning Mills Ltd., X₁ - Return on Capital Employed (.105), X₁₅ - Net profit Ratio (.528) X₁₆ - Interest Turnover Ratio (.126) and X₁₈ - Interest Coverage Turnover Ratio (.375), contributes towards profitability and for Sri Ramakrishna Mills Ltd., X₂ (Return On Net Worth) .880 contributes towards profitability. In Marris Spinners X₁₅ . Net profit Ratio (.984) contributes towards profitability and Gem Spinners X₁₅ .Net profit Ratio (.852) and X₁₈ - Interest Coverage Turnover Ratio (.232) contributes towards the profitability. In Sri Lakshmi Saraswathi X₁₅ .Net profit Ratio (.979) contributes towards profitability and for Kadri Mills Ltd., X₁₂ - Net Current Assets Turnover Ratio (.217), X₁₄ -Quick Ratio (.107) and X₁₅ .Net profit Ratio (.855) contributes towards profitability.

III SMALL SCALE COMPANIES

In Lambodhara Textiles Ltd., for the period of 2000-01 -2010-11, the following independent factors have significant correlation co-efficient with the ratio of X₁₃ (Current Ratio) .133, X₁₅( Net profit Ratio) .697 and X₁₈ (Interest Coverage Turnover Ratio) .257 and other variables have contributed directly towards the ratio of return on total assets whereas it is also indirectly reasonable when the respective variable is combined with other indirect effects but it is found to be statistically not significant. Finally, an insight this reveals
that the variables $X_{13}, X_{15}$ and $X_{18}$ contributes towards profitability. In Thambi Modern Spinning Mills $X_{15}$ (Net profit Ratio) .184, $X_{20}$ (Operating Profit to Total Sales) .769, $X_{22}$ (Debtors Turnover Ratio) .087 contributes towards profitability and $X_{19}$ (Total Income Total Assets) -.432 reduces profitability. In Salem Textiles Ltd., $X_{17}$ (Working Capital to Total assets) 1.566, $X_{19}$ (Total Income Total Assets) .899, $X_{20}$ (Operating Profit to Total Sales) .303 contributes towards profitability and $X_{22}$ (Debtors Turnover Ratio) -.266 reduces profitability. In Sundaram Textiles $X_{7}$ (Net Fixed Assets Turnover Ratio) .420 and $X_{18}$ (Interest Coverage Turnover Ratio) .871 contributes towards profitability. In Binny Ltd., $X_{2}$ (Return On Net Worth) 1.283, $X_{18}$ (Interest Coverage Turnover Ratio) .080, $X_{19}$ (Total Income Total Assets).148 and $X_{22}$ (Debtors Turnover Ratio).120 contribute towards profitability and $X_{3}$ (Debt Equity Ratio) -.064, $X_{7}$ (Net Fixed Assets Turnover Ratio) -.801 reduces the profitability. In Sri Ganapathy Mills $X_{15}$ (Net profit Ratio) .953 contribute towards profitability and $X_{22}$ (Debtors Turnover Ratio) -.093 reduces the profitability. In Janakiraman Mills $X_{15}$ (Net profit Ratio) .080, $X_{20}$ (Operating Profit to Total Sales).518 contribute towards profitability and $X_{8}$ (Total Assets Turnover Ratio) -.538 reduces the profitability. In Kothari Industrial Corporation $X_{8}$ (Total Assets Turnover Ratio) .832, $X_{11}$ (Current Assets Turnover Ratio) .301, $X_{15}$ (Net profit Ratio) .807 contributes towards profitability and $X_{21}$ (Raw Material Consumed to Total Sales) -.322 reduces profitability.

2. FASSEMENT OF FINANCIAL HEALTH OF TEXTILE INDUSTRY - Z SCORE.

1 LARGE SCALE COMPANIES

The Z score with respect to Precot meridian for the study period has been computed. It is obvious from the analysis that the Z- scores for the Precot meridian witnessed less than 1.80 during the study period 2000-2001 to 2010-2011. Excessive use of working capital, failure to earn adequate surplus to meet non-operating activities, failure to achieve the adequate sales are the reasons for this dismal performance of Precot meridian during the study period. The Z score were less than 1.8 and lie in bankruptcy zone during the study period.
The Z score with respect to Rajapalayam Mills Ltd., it is understandable from the analysis that the Z- scores for the Rajapalayam Mills Ltd witnessed less than 1.80 during the study period 2000-2001 to 2010-2011. Excessive use of working capital, failure to earn adequate surplus to meet non-operating activities, failure to achieve the adequate sales are the reasons for this dismal performance of Rajapalayam Mills Ltd during the study period. The Z score were less than 1.8 and lie in bankruptcy zone during the study period.

The Z score with respect to Super Spinning Mills Ltd., it is obvious from the analysis that the Z- scores for the Super Spinning Mills witnessed less than 1.80 during the study period 2000-2001 to 2010-2011. Excessive use of working capital, failure to earn adequate surplus to meet non-operating activities, failure to achieve the adequate sales are the reasons for this dismal performance of Super Spinning Mills during the study period. The Z score were less than 1.8 and lie in bankruptcy zone during the study period.

The Z score with respect to Lakshmi Mills & Co. Ltd., it is evident from the analysis that the Z- scores for the Lakshmi Mills & Co witnessed less than 1.80 during the study period 2000-2001 to 2010-2011 and the scores for 1.8 to 3.0 during the study period 2000-01, 2001-02 and 2003-2004. The financial health of the companies is never in the too healthy zone except in the year 2002-2003.

The Z score with respect to Prime Urban Development India Ltd., it is clear from the analysis that the Z- scores for the Prime Urban Development India Ltd witnessed less than 1.80 during the study period 2000-2001 to 2010-2011. Excessive use of working capital, failure to earn adequate surplus to meet non-operating activities, failure to achieve the adequate sales are the reasons for this dismal performance of Prime Urban Development India Ltd during the study period. The Z score were less than 1.8 and lie in bankruptcy zone during the study period.

The Z score with respect to Shri Renuga Textiles Ltd., it is obvious from the analysis that the Z- scores for the Shri Renuga Textiles Ltd witnessed less than 1.80 during the study period 2000-2001 to 2010-2011. Excessive use of working capital, failure to earn adequate surplus to meet non-operating activities, failure to achieve the
adequate sales are the reasons for this dismal performance of Shri Renuga Textiles Ltd during the study period. The Z score were less than 1.8 and lie in bankruptcy zone during the study period.

The Z score with respect to National Textile Corporation Ltd., it is observable from the analysis that the Z- scores for the National Textile Corporation Ltd witnessed less than 1.80 during the study period 2000-2001 to 2005-2009 and the scores for 1.8 to 3.0 during the study period 2002-2003, 2004-2007 to 2008-2009 and 2010-2011. The Z – score lies above 3.0 during the period of 2003-2004 to 2005-2006 financial health of the 3.0 companies is never in the too healthy zone the year 2002-2003.

The Z score with respect to Thiagarajar Mills Ltd., it is clear from the analysis that the Z- scores for the Thiagarajar Mills Ltd witnessed less than 1.80 during the study period 2000-2001 to 2010-2011. Excessive use of working capital, failure to earn adequate surplus to meet non-operating activities, failure to achieve the adequate sales are the reasons for this dismal performance of Thiagarajar Mills Ltd during the study period. The Z score were less than 1.8 and lie in bankruptcy zone during the study period.

The Z score with respect to Ambika Cotton Mills Ltd., it is noticeable from the analysis that the Z- scores for the Ambika Cotton Mills Ltd witnessed less than 1.80 during the study period 2000-2001 to 2010-2011. Excessive use of working capital, failure to earn adequate surplus to meet non-operating activities, failure to achieve the adequate sales are the reasons for this dismal performance of Ambika Cotton Mills Ltd during the study period. The Z score were less than 1.8 and lie in bankruptcy zone during the study period.

The Z score with respect to Sree Karpagambal Mills Ltd., it is observable from the analysis that the Z- scores for the Sree Karpagambal Mills Ltd witnessed less than 1.80 during the study period 2005-2006 to 2008, and the scores lies between 1.8 to 3.0 during the study period 2000-2001 to 2010-2011, 2008-2009 to 2010-2011 The financial health of the companies is never in the too healthy zone.

The Z score with respect to Sambandam Spinning Mills Ltd., it is evident from the analysis that the Z- scores for the Sambandam Spinning Mills Ltd witnessed less than
1.80 during the study period 2000-2001 to 2010-2011. Excessive use of working capital, failure to earn adequate surplus to meet non-operating activities, failure to achieve the adequate sales are the reasons for this dismal performance of Sambandam Spinning Mills Ltd during the study period. The Z score were less than 1.8 and lie in bankruptcy zone during the study period.

II MEDIUM SCALE COMPANIES

The Z score with respect to Amarjothi Spinning Mills Ltd., it is understandable from the analysis that the Z- scores for the Amarjothi Spinning Mills witnessed less than 1.80 during the study period 2000-2001 to 2010-2011. Excessive use of working capital, failure to earn adequate surplus to meet non-operating activities, failure to achieve the adequate sales are the reasons for this dismal performance of Amarjothi Spinning Mills during the study period. The Z score were less than 1.8 and lie in bankruptcy zone during the study period.

The Z score with respect to Super Sales Spinning Ltd., it is obvious from the analysis that the Z- scores for the Super Sales Spinning Ltd., witnessed less than 1.80 during the study period 2000-2001 to 2010-2011. Excessive use of working capital, failure to earn adequate surplus to meet non-operating activities, failure to achieve the adequate sales are the reasons for this dismal performance of Super Sales Spinning Ltd., during the study period. The Z score were less than 1.8 and lie in bankruptcy zone during the study period except in 2003-2004 which lies between 1.8-3.0 which is not in too healthy zone and uncertain.

The Z score with respect to Kandhagiri Spinning Mills Ltd., it is clear from the analysis that the Z-scores for the Kandhagiri Spinning Mills witnessed less than 1.80 during the study period 2000-2001 to 2010-2011. Excessive use of working capital, failure to earn adequate surplus to meet non-operating activities, failure to achieve the adequate sales are the reasons for this dismal performance of Kandhagiri Spinning Mills during the study period. The Z score were less than 1.8 and lie in bankruptcy zone during the study period.

The Z score with respect to Sri Ramakrishna Mills Ltd., it is obvious from the analysis that the Z-scores for the Sri Ramakrishna Mills Ltd witnessed less than 1.80 during the study period 2000-2001 to 2010-2011. Excessive use of working capital,
failure to earn adequate surplus to meet non-operating activities, failure to achieve the adequate sales are the reasons for this dismal performance of Sri Ramakrishna Mills Ltd during the study period. The Z score were less than 1.8 and lie in bankruptcy zone during the study period.

The Z score with respect to Maris Spinners, it is clear from the analysis that the Z-scores for the Maris Spinners witnessed less than 1.80 during the study period 2000-2001 to 2010-2011. Excessive use of working capital, failure to earn adequate surplus to meet non-operating activities, failure to achieve the adequate sales are the reasons for this dismal performance of Maris Spinners during the study period. The Z score were less than 1.8 and lie in bankruptcy zone during the study period.

The Z score with respect to Gem Spinners India Ltd., it is evident from the analysis that the Z- scores for the Gem Spinners India Ltd witnessed less than 1.80 during the study period 2000-2001 to 2005-2006, which is a bankruptcy zone and the scores lies between 1.8 to 3.0 during the study period 2006-2007 to 2010-2011. The financial health of the companies is never in the too healthy zone in these years.

The Z score with respect to Sri Lakshmi Saraswathi Ltd., it is obvious from the analysis that the Z- scores for the Sri Lakshmi Saraswathi Ltd witnessed less than 1.80 during the study period 2001-2002 to 2002-2003 and 2005-2006 to 2010-2011, which is a bankruptcy zone and the scores lies between 1.8 to 3.0 during the study period 2003-2004 to 2004-2005. The financial health of the companies is never in the too healthy zone in these years.

The Z score with respect to Kadri Mills Ltd., It is apparent from the analysis that the Z- scores for the Kadri Mills Ltd witnessed less than 1.80 during the study period 2000-2001 to 2002-2003, 2004-2005 to 2007-2008 which is a bankruptcy zone and the Z scores lies between 1.8 to 3.0 during the study period 2002-2003 to 2003-2004 and 2008-2009 to 2010-2011. The financial health of the companies is never in the too healthy zone in these years.
III SMALL SCALE COMPANIES

The Z score with respect to Lambodhara Textiles Ltd., it is understandable from the analysis that the Z- scores for the Lambodhara Textiles Ltd witnessed less than 1.80 during the study period 2006-2007 to 2010-2011, which is a bankruptcy zone and the Z scores lies between 1.8 to 3.0 during the study period 2000-2001 to 2005-2006. The financial health of the companies is never in the too healthy zone in these years.

The Z score with respect to Thambi Modern Spinning Mills Ltd., it is obvious from the analysis that the Z- scores for the Thambi Modern Spinning Mills Ltd witnessed less than 1.80 during the study period 2000-2001 to 2004-2005 and 2008-2009 to 2010-2011, which is a bankruptcy zone and the scores lies above 3.0 during the study period 2005-2006 to 2007-2008. The financial health of the companies is in the too healthy zone in these years.

The Z score with respect to Salem Textiles Ltd., it is obvious from the analysis that the Z- scores for the Salem Textiles Ltd witnessed less than 1.80 during the study period 2000-2001, 2002-2003 to 2010-1011, which is a bankruptcy zone and the scores lies between 1.8 to 3.0 during the study period 2001-2002 which is not in too healthy zone. The financial health of the companies is never in the too healthy zone except during the study period of 2002-2003.

The Z score with respect to Sundaram Textiles Ltd., it is clear from the analysis that the Z- scores for the Sundaram Textiles Ltd witnessed less than 1.80 during the study period 2000-2001 to 2003-2004 and 2005-2006 to 2010-2011 which is a bankruptcy zone and the scores lies between 1.8 to 3.0 during the study period 2004-2005. The financial health of the companies is never in the too healthy zone in these years.

The Z score with respect to Binny India Ltd., it is evident from the analysis that the Z- scores for the Binny India Ltd witnessed less than 1.80 during the study period 2000-2001 to 2002-2003, 2004 - 2005 to 2007 – 2008 and 2009- 2010 which is a bankruptcy zone and the scores lies between 1.8 to 3.0 during the study period 2003-2004 to 2010-2011. The financial health of the companies is never in the too healthy zone in except during the study period of 2010-2011. 
The Z score with respect to Sri Ganapathy Mills it is observable from the analysis that the Z- scores for the Sri Ganapathy Mills witnessed less than 1.80 during the study period 2001-2002 to 2010-2011. Excessive use of working capital, failure to earn adequate surplus to meet non-operating activities, failure to achieve the adequate sales are the reasons for this dismal performance of Sri Ganapathy Mills during the study period. The Z score were less than 1.8 and lie in bankruptcy zone during the study period.

The Z score with respect to Jankiraman Ltd., it is obvious from the analysis that the Z- scores for the Jankiraman Ltd witnessed less than 1.80 during the study period 2003 - 2004 and the scores between 1.8 to 3.0 during the study period 2004- 2005, 2006-2007 and 2009-2010. The Z – score lies above 3.0 except the above years. Financial health of these companies are in too healthy zone during the study period of 2000-2001 to 2002-2003, 2004-2005 to 2005-2006,2005-2006,2008-2009 and 2010-2011.

The Z score with respect to Kothari Industrial Corporation Ltd., it is clear from the analysis that the Z- scores for the Kothari Industrial Corporation witnessed less than 1.80 during the study period 2001-2002 to 2010-2011. Excessive use of working capital, failure to earn adequate surplus to meet non-operating activities, failure to achieve the adequate sales are the reasons for this dismal performance of Kothari Industrial Corporation during the study period. The Z score were less than 1.8 and lie in bankruptcy zone during the study period.

5.3 SUGGESTIONS

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

- Companies 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.

- 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 reducing power and fuel cost. The spinning mills should reduce power and fuel consumption by using lignite and agro waste product especially ground nut husk and begasses should be used as coal substitute.

- The selected textile groups of companies are the capital intensive in nature but the policy of purchase of fixed assets should be carefully planned and reviewed so that the funds may be properly utilized. For regular supply of raw materials and the final product infrastructure facilities require further improvement.

- The selected spinning mills should try to match the amount of working capital with the sales trends. Where there is a deficit of working capital, they should try to build on adequate amount of working capital. Where, there is an excessive working capital, it should be invested either in trade securities or should be used to repay the borrowings. The quantum of sales generated should be improved impressively in order to enjoy better operational efficiency of the assets and capital employed.

- The burden of interest has produced a deteriorating effect and reduced the percentage of net profit. It is suggested that a study of productivity and financial efficiency of the textile companies. The few companies, which did not follow a definite policy of financing fixed assets, should follow such policy.

- 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.

- Improper planning and delays in implementation of projects lead to rise in their cost. So proper planning should be made. To regularize and optimize the use of cash balance, proper techniques may be adopted for planning and control of cash. The investments in inventories should be reduced and need to introduce a system of prompt collection of debts.
• The policy of borrowed financing in selected textile group of companies under study was not proper. So the companies should use widely the borrowed funds and should try to reduce the fixed charges burden gradually by decreasing borrowed funds and by enhancing the owner’s fund. For this purpose, companies should enlarge their equity share capital by issuing new equity shares.

• Selected spinning mills should try to use properly their operating assets and should try to minimize their non-operating expenses. Cost accounting and cost audit should be made mandatory for these units and cost sheet along with annual financing statement should be prepared.

• There has been too much of government interference in the policies and the day-to-day working and decisions. This leads to delays in decision making. This should be abolished.

• The labour productivity should be increased by adopting modern manufacturing process and productivity based wages policy should be implemented by spinning mills.

• There is no incentive to the employees to perform better. Also there is no accountability because no one is held responsible for a failure in achieving targets. For this kind of problem, responsibility centre should be created.

• The public sector enterprises set up in backward areas were not guided by commercial considerations. They were set up to fulfill the aim of balanced regional development.

• Public sector enterprises have long enjoyed a monopolistic position. Private sector was not allowed entry. Because of the absence any competition, whatever performance was achieved by the public sector was considered to be upto the level of satisfaction.

• There is overstaffing in public enterprises. The number of persons employed is more than what is required to run the public enterprises efficiently. This increases
the cost and reduces profitability of these enterprises. The government should minimize the subsidy and encourage the capital market for the spinning mills.

5.4 SCOPE OF FURTHER STUDY

- This study was restricted only to a few companies of textile industry alone. Hence studies could be undertaken in other manufacturing industries and a comparative across industries can also be attempted.

- For further studies, Other profitability ratios can also be considered. Other than the used variables in this study may also be used as predictor variables.

- Similar studies like impact of Foreign Direct Investment in Indian Textile Industry, Export competitiveness of Indian Textile and Garment Industry may be recommended.
5.5 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 industry 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. If there is insecurity inherent in the globalised economy, there is also opportunity – opening up of vast markets to Indian textiles and Indian clothing that were earlier closed or regulated Indian textile industry is ready to take up this opportunity of free trade and secure its well deserved position in the international textile arena.