

## A Study on WORKING MANAGEMENT of Selected Textile companies of Gujarat

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### ABSTRACT

The textile industry of India has occupied an important role in Indian economy. It plays an important role in changing social phenomena. The aspect of working capital management is more admirable in textile sector because it generates more production, capital employment, and earns foreign currency. The researcher has decided to study on working capital management of selected textile companies of Gujarat. The researcher has selected 10 textile companies of Gujarat as sample and collected 10 years data from 2005-06 to 2014-15. The accounting techniques of ratio analysis, comparative analysis and statistical techniques are adopted for study.

### 1. Size of Net working Capital of Textile Companies

Sizes represent amount of networking capital in selected working capital companies.

#### Size of the Net Working Capital of Textile Companies (In Crore)

Year	Arvind Ltd.	Ashima Ltd.	Digjam Ltd.	GS ML	MIL	M TL	Nakoda Ltd.	SD ML	Sintex Ltd.	ST ML	TOTAL	AVG
2005-06	874.80	147.60	60.18	96.60	-209.63	1.96	28.34	8.46	46.23	38.23	1092.77	109.28
2006-07	904.22	53.16	50.75	146.86	-293.36	2.49	42.14	-0.80	42.39	15.14	962.99	96.30
2007-08	944.68	48.75	34.91	214.81	-293.36	2.86	56.18	8.44	121.23	22.22	1160.72	116.07
2008-09	786.43	45.89	30.34	229.60	-203.44	3.36	80.86	14.93	241.02	21.70	1250.69	125.07
2009-10	534.62	49.56	21.43	244.92	-147.15	3.89	102.27	7.49	395.59	14.82	1227.44	122.74
2010-11	657.08	56.61	36.71	428.50	-134.28	5.85	125.35	42.89	532.74	32.52	1783.97	178.40
2011-12	617.68	59.55	62.35	440.28	24.07	9.54	578.11	72.09	766.52	47.10	2677.29	267.73

2012-13	614.78	59.57	51.39	284.20	148.38	13.85	1139.26	81.81	951.15	40.99	3385.38	338.54
2013-14	683.59	55.49	38.75	163.38	52.89	17.69	1039.27	81.72	869.79	47.94	3050.51	305.05
2014-15	784.51	48.73	30.45	114.26	47.08	18.68	1091.39	72.28	863.06	54.28	3124.72	312.47
AVG	7402.39	624.91	417.26	2363.41	1008.80	80.17	4283.17	389.31	4829.72	334.94	19716.48	1971.65
SD	740.24	62.49	41.73	236.34	100.88	8.02	428.32	38.93	482.97	33.49		
CV	139.06	30.28	13.70	119.79	157.40	6.51	483.88	34.80	361.79	14.37		

Source : Annual Report of selected textile companies form 2005-06 to 2014-15

Net working capital amount shows increasing trend in all the companies during the study period. The year wise average of selected years show increasing trend the total average of selected years was Rs. 1971.65 cr. during study period.

## 2. Current Ratio of Textile Companies

Current Ratio is most common liquidating ratio used to identified a company’s capacity to pay short term liabilities in daily business running. This ratio is also used to measure short term strength of firm,

Current ratio is calculated by current assets and current liabilities as follow.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current liabilities}}$$

### Current Ratio of Textile Companies (In Times)

Year	Arvin d Ltd.	Ashi ma Ltd.	Digja m Ltd.	GSM L	MI L	MT L	Nako da Ltd.	SDM L	Sinte x Ltd.	STM L	AV G
2005-06	0.83	1.62	1.32	0.89	0.48	1.34	1.49	2.80	1.82	1.25	1.38
2006-07	0.82	1.86	1.65	1.43	0.54	1.23	1.20	3.00	1.93	1.29	1.50
2007-08	0.86	1.38	0.50	1.00	0.54	1.23	1.27	3.11	2.68	1.61	1.42
2008-09	0.71	1.36	0.94	1.31	0.61	0.98	1.35	3.10	2.56	2.03	1.50
2009-10	0.73	1.39	0.82	1.15	0.77	0.72	1.40	2.48	1.55	1.06	1.21

2010-11	0.93	3.58	0.88	1.07	1.82	0.95	1.74	2.85	2.47	1.09	<b>1.74</b>
2011-12	0.88	4.08	0.88	0.94	4.22	1.13	1.27	2.88	1.01	2.35	<b>1.96</b>
2012-13	0.95	2.50	0.93	1.27	1.67	1.09	1.31	2.75	1.72	1.76	<b>1.60</b>
2013-14	1.06	2.45	0.78	1.09	1.15	1.03	1.33	2.75	1.52	1.86	<b>1.50</b>
2014-15	0.92	1.39	0.72	1.35	1.11	1.00	28.42	3.84	1.17	3.92	<b>4.38</b>
<b>AVG.</b>	<b>0.87</b>	<b>2.16</b>	<b>0.94</b>	<b>1.15</b>	<b>1.29</b>	<b>1.07</b>	<b>4.08</b>	<b>2.96</b>	<b>1.84</b>	<b>1.82</b>	
<b>SD</b>	<b>12.01</b>	<b>45.54</b>	<b>34.27</b>	<b>15.94</b>	<b>87.85</b>	<b>16.47</b>	<b>209.77</b>	<b>12.25</b>	<b>31.16</b>	<b>46.65</b>	
<b>CV</b>	<b>0.10</b>	<b>0.98</b>	<b>0.32</b>	<b>0.18</b>	<b>1.13</b>	<b>0.18</b>	<b>8.55</b>	<b>0.36</b>	<b>0.57</b>	<b>0.85</b>	

Source : Annual Report of selected textile companies form 2005-06 to 2014-15

The table indicate current ratio of selected textile companies of Gujarat. Arvind Ltd current ratio was 0.83 in 2005-06. 0.93 in 2010-11 and 0.92 in 2014-15. The average ratio of company was 0.8. Ashima Ltd. current ratio was 1.62 in 2005-06. 4.08 highest ratio in 2011-12 and 1.39 in 2014-15. Average ratio was 2.16 of company in selected years. Digjam Ltd. Ratio was 1.32 times in 2005-06. 0.88 in 2011-12 and 0.72 in 2014-15. GSML current ratio was 0.89 in 2005-06. 1.43 highest ratio in 2006-07. and 1.35 in 2014-15. Average of GSML was 1.15. MIL current ratio was 0.48 in 2005-06, 4.22 in 2011-12 and 1.11 in 2014-15. Average ratio was 1.15 MTL had 1.34 in 2005-06, 1.13 in 2011-12 and 1:1 in 2014-15. Average ratio was 1.07 of study. Nakoda Ltd had 1.49 times in 2005-06. 1.74 times ratio in 2010-11 and 28.42 times in 2014-15. The average of current ratio was 4.08 ties and C.V. was 209.77% which is not consistent with textile industry. SDML current ratio was 2.80 in 2005-06. 2.88 in 2011-12 and 3.84 highest current ratio in 2014-15. Average ratio of selected year was 2.96. Sintex Ltd ratio was 1.82 in 2005-06. 2.68 highest ratio in 2007-08 and 1.17 in 2014-15. STML had 1.25 in 2005-06. 2.35 in 2011-12. and 3.92 in 2014-15. average of company was 1.82.

The average of selected companies was 1.82 times. The C.V. was 51.19%. The interpretation of above table described that there is a variation in current ratio of selected textile companies during study period. For analyzing the current ratio data by statically the following hypothesis has been established.

### Hypothesis

$H_0$  : There is no significance difference in current ratio in between the year and between the selected textile companies.

$H_1$  : There is significance different in current ratio in between the year and between the selected textile companies.

For the purpose of testing the hypothesis ANOVA test has been applied to measure the variation which is stated in below table.

**(a). ANOVA current ratio**

ANOVA					
CURRENT RATIO					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	94.724	9	10.525	1.371	.213
Within Groups	691.138	90	7.679		
Total	785.862	99			

Table 6.5 (a) explain the result of ANOVA F test, the result shows that null hypothesis is acceptable because F value was 1.371 and P value is 0.213 df 9. It is stated that there is no significance different in current ratio of selected textile companies during the study the period.

### 3. Quick Ratio of Textile Companies

Quick ratio is also one kind of liquidating ratio it shows company's short term liquidity by most liquid assets.

The Quick ratio calculates as follow :

$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventories}}{\text{Current liabilities}}$$

The higher ratio is better for company. it describe good liquidity position of company.

#### Quick Ratio of Textile Companies (In Times)

Year	Arvin d Ltd.	Ashi ma Ltd.	Digja m Ltd.	GSM L	MI L	MT L	Nako da Ltd.	SDM L	Sinte x Ltd.	STM L	AV G
2005-06	0.39	0.92	0.77	0.41	0.35	0.89	1.18	1.66	1.56	0.28	<b>0.84</b>
2006-07	0.28	1.05	0.73	0.91	0.48	0.63	0.97	1.94	1.63	0.40	<b>0.90</b>
2007-08	0.35	0.51	0.41	0.60	0.48	0.82	1.06	1.94	2.49	0.48	<b>0.91</b>
2008-09	0.32	0.54	0.46	0.65	0.54	0.59	1.09	1.83	2.30	0.82	<b>0.91</b>
2009-10	0.43	0.64	0.37	0.49	0.66	0.44	1.14	1.77	1.41	0.43	<b>0.78</b>
2010-11	0.45	1.18	0.41	0.26	1.74	0.61	1.20	1.35	1.94	0.13	<b>0.93</b>

2011-12	0.39	1.72	0.45	0.26	3.74	0.61	0.97	1.18	0.73	0.19	<b>1.02</b>
2012-13	0.45	0.83	0.49	0.44	1.16	0.60	0.88	1.13	1.47	0.30	<b>0.78</b>
2013-14	0.42	0.86	0.33	0.34	0.79	0.65	0.88	1.43	1.33	0.44	<b>0.75</b>
2014-15	0.30	0.34	0.27	0.37	0.82	0.60	26.28	2.26	1.04	0.80	<b>3.31</b>
<b>AVG.</b>	<b>0.38</b>	<b>0.86</b>	<b>0.47</b>	<b>0.47</b>	<b>1.08</b>	<b>0.64</b>	<b>3.57</b>	<b>1.65</b>	<b>1.59</b>	<b>0.43</b>	
<b>SD</b>	<b>16.49</b>	<b>46.34</b>	<b>34.48</b>	<b>42.45</b>	<b>94.93</b>	<b>19.53</b>	<b>223.90</b>	<b>22.30</b>	<b>33.78</b>	<b>54.05</b>	
<b>CV</b>	<b>0.06</b>	<b>0.40</b>	<b>0.16</b>	<b>0.20</b>	<b>1.02</b>	<b>0.13</b>	<b>7.98</b>	<b>0.37</b>	<b>0.54</b>	<b>0.23</b>	

Source : Annual Report of selected textile companies form 2005-06 to 2014-15

Table describe data of quick ratio of selected textile companies in Gujarat. Arvind Ltd. Quick ratio was 0.39 in 2005-06. 0.45 in 2010-11 and 0.30 in 2014-15. Arvind Ltd. average of study was 0.3. Ashima Ltd ratio was 0.92 in 2005-06.172 in 2011-12 and 0.34 in 2014-15. Average ratio was 0.86 of study is Ashima Ltd. Digjam Ltd ratio was 0.77 in 2005-06. 0.49 highest quick ratio in 2012-13, 0.27 in 2014-15. GSML ratio was 0.41 in 2005-06. 0.26 in 2011-12 and 0.37 in 2014-15. Average ratio was 0.47 of study MIL quick ratio 0.35 in 2005-06. 3.74 in 2011-12 and 0.82 in 2014-15. MTL quick ratio was 0.89 in 2005-06. 0.61 in 2011-12 and 0.60 in 2014-15. Nakoda Ltd. 1.18 times in 2005-06. 0.88 times lowest ratio in 2012-13 & 2013-14. Average quick ratio of Nakoda Ltd was 3.57 times. The C.V. was 223.90% which is higher than other selected companies. SDML had 1.66 in 2005-06 and 2.26 in 2014-15. Average of study was 1.65. Sintex Ltd. ratio was 1.56 in 2005-06. 2.49 highest ratio in 2007-08 and 1.04 in 2014-15. STML quick ratio was 0.28 in 2005-06. 0.19 in 2011-12 and 0.80 in 2014-15. average ratio of STML was 0.43.

The C.V. of selected companies was respectively 16.49, 46.34, 34.48, 42.45, 94.93, 19.53, 223.90, 22.30, 33.78, 54.05. The table of quick ratio describe variation in quick ratio of selected companies during study period. For analyzing the variation the hypothesis testing has been adopted and purposed hypothesis made as below.

### Hypothesis -

$H_0$  : There is no significance difference in quick ratio in between the year and between the selected textile companies.

$H_1$  : There is significance different in quick ratio in between the year and between the selected textile companies.

For the proposed hypothesis ANOVA test has been applied and stated as below.

**(a) ANOVA Quick Ratio of Textile Companies**

ANOVA					
QUICK RATIO					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	86.481	9	9.609	1.468	.172
Within Groups	589.304	90	6.548		
Total	675.786	99			

The data of table 6.5 (a) ANOVA quick ratio describe the data of average quick ratio of selected textile companies during the selected period. It is mentioned that, null hypothesis is accepted there is no significance difference in average quick ratio of selected textile companies from 2005-06 to 2014-15. F value was 1.468, P value .172 which is stated to accept null hypothesis for average quick ratio.

#### 4. Gross working Capital Cycle of Textile Companies

The manufacturing activities are divided into the different stages of process. All these stage requirement are different and the holding period or processing time are different. The cash is invested in different stage of gross working capital like as procurement of raw material to pay wages, to pay overheads expenses, for advertising, packing etc. all these stages take a time to generate cash by sales. So, the length of these time period is known as gross working capital cycle which is calculated in days.

**Gross working Capital Cycle of Textile Companies (In Days)**

Year	Arvi nd Ltd.	Ashi ma Ltd.	Digja m Ltd.	GSM L	MIL	MT L	Nako da Ltd.	SDM L	Sinte x Ltd.	STM L	AV G
2005- 06	303.9 5	150.5 6	197.0 0	54.64	300. 03	256. 35	102.6 4	304.3 5	116. 40	72.06	<b>185. 80</b>
2006- 07	269.4 9	128.6 1	425.4 4	50.98	110. 02	206. 82	95.53	331.7 7	106. 49	67.67	<b>179. 28</b>
2007- 08	231.3 9	123.5 0	320.7 0	59.15	110. 02	220. 01	98.18	300.8 7	117. 56	92.51	<b>167. 39</b>
2008- 09	203.8 0	127.9 8	262.6 0	91.41	267. 01	191. 47	105.0 9	332.0 9	135. 98	47.02	<b>176. 45</b>
2009- 10	178.2 3	116.4 5	176.3 4	63.25	207. 81	171. 83	112.6 9	342.5 0	144. 05	42.66	<b>155. 58</b>
2010- 11	182.3 5	110.6 5	423.9 3	78.06	84.9 9	226. 78	120.0 1	328.4 4	136. 34	62.13	<b>175. 37</b>

2011-12	168.09	122.58	214.83	82.08	257.57	187.78	131.62	337.18	171.34	94.27	176.73
2012-13	157.80	117.42	286.76	66.98	105.96	165.41	169.00	366.08	172.40	89.48	169.73
2013-14	141.18	131.88	234.36	70.90	134.63	174.72	205.01	367.51	168.27	122.47	175.09
2014-15	139.37	130.31	226.18	68.48	151.09	219.46	388.86	340.71	143.52	166.76	197.47
<b>AVG.</b>	<b>197.57</b>	<b>125.99</b>	<b>276.81</b>	<b>68.59</b>	<b>172.91</b>	<b>202.06</b>	<b>152.86</b>	<b>335.15</b>	<b>141.24</b>	<b>85.70</b>	
<b>SD</b>	<b>27.87</b>	<b>8.72</b>	<b>32.00</b>	<b>18.33</b>	<b>45.40</b>	<b>14.31</b>	<b>58.88</b>	<b>6.51</b>	<b>16.78</b>	<b>43.44</b>	
<b>CV</b>	<b>55.07</b>	<b>10.98</b>	<b>88.59</b>	<b>12.57</b>	<b>78.50</b>	<b>28.92</b>	<b>90.00</b>	<b>21.81</b>	<b>23.71</b>	<b>37.23</b>	

Source : Annual Report of selected textile companies form 2005-06 to 2014-15

Above table explain gross working capital cycle ratio of selected textile companies during 2005-06 to 2014-15. Table expressed days of gross working capital cycle of companies.

Arvind Ltd gross working capital cycle ratio was 303.95 days in 2005-06. 182.35 days in 2010-11 and 139.37 lowest days in 2014-15. it shows decreasing trend in selected years. Ashima Ltd. had 150.56 days in 2005-06.110.65 days in 2010-11and 130.31 days in 2014-15. it shows mixed trend during study years. The average days of Ashima Ltd was 125.99 days. Digjam Ltd ratio was 197 days in 2005-06. 423.93 days in 2010-11 and 226.18 days in 2014-15. it also shows mixed trend during study. GSML had 54.64 days in 2005-06. 78.06 days in 2010-11 and 68.48 days in 2014-15. The average ratio of GSML was 68.59 days in 2005-06 to 2014-15. MIL ratio was 300.13 days in 2005-06. 84.99 days lowest ratio in 2010-11 and 151.09 days in 2014-15. MTL had 256.35 days in 2005-06 is highest ratio and 165.41 days lowest ratio in 2012-13, 219.46 days in 2014-15. Nakoda Ltd. ratio was 95.53 days lowest ratio in 2006-07. 388.86 days highest ratio in 2014-15. Average days of the study ratio was 152.86 days. SDML ratio was 304.35 days in 2005-06. it shows mixed trend during study period 328.44 days in 2010-11 and 340.71 days in 2014-15. Sintex Ltd. had 116.4 days in 2005-06. 106.49 days in lowest ratio in 2006-07 and 172.34 days highest ratio in 2012-13. STML ratio was 72.06 days in 2005-06. 42.66 lowest ratio in 2009-10 166.76 days highest ratio in 2014-15. The average of ratio was 85.70 days.

The S.D. of Arvind Ltd, Ashima Ltd, Digjam Ltd, GSML, MIL, MTL, Nakoda, SDML, Sintex Ltd and STML was 27.87, 8.72, 32.00, 18.33, 45.50, 14.31, 58.88, 6.51, 16.78, 43.44. The C.V. of selected companies consistent.

### 5. Net Working Capital Cycle of Textile Companies

The working capital cycle of a business describe the length of a period to take by a company to convert into net working capital.

In another words we can say that NWCC means the time period of a organization, which is taken to convert net current assets and current liabilities into cash.

The period of net working capital cycle is depend on the nature of the business, shorter length is better for the company. It describe healthy cash flow and long working cash flow, and long working capital cycle has a difficulties in cash flow days. Working capital cycle is calculated by average net working capital divided by annual sales revenue and multiplied by (365) of the said years.

**Net Working Capital Cycle of Textile Companies(In Days)**

<b>Year</b>	<b>Arvi nd Ltd.</b>	<b>Ashi ma Ltd.</b>	<b>Digja m Ltd.</b>	<b>GSM L</b>	<b>MIL</b>	<b>MT L</b>	<b>Nako da Ltd.</b>	<b>SDM L</b>	<b>Sinte x Ltd.</b>	<b>STM L</b>	<b>AV G</b>
2005-06	231.35	126.37	72.47	34.87	- 408.47	207.79	56.69	54.69	21.16	63.39	<b>46.03</b>
2006-07	194.45	79.45	161.10	37.79	- 353.54	160.84	44.56	-4.71	14.94	52.37	<b>38.73</b>
2007-08	161.10	73.96	104.52	45.83	- 353.54	156.36	36.42	43.59	29.56	85.65	<b>38.35</b>
2008-09	129.07	76.36	77.22	65.75	- 394.19	150.33	38.26	76.95	53.66	46.90	<b>32.03</b>
2009-10	91.93	77.66	40.22	35.74	- 271.92	120.27	37.89	39.82	79.92	21.78	<b>27.33</b>
2010-11	99.58	78.92	178.24	45.22	- 175.66	151.16	40.00	206.13	89.70	41.55	<b>75.48</b>
2011-12	72.34	85.03	133.74	42.87	43.24	146.07	103.09	313.91	126.60	83.37	<b>115.03</b>
2012-13	66.89	77.41	141.50	25.71	69.84	146.53	168.86	343.81	133.65	66.69	<b>124.09</b>
2013-14	60.05	72.93	101.64	17.69	80.41	131.22	144.63	344.48	116.45	86.90	<b>115.64</b>
2014-15	62.76	65.41	80.27	14.83	80.91	136.87	238.99	319.12	94.76	141.86	<b>123.58</b>
<b>AVG.</b>	<b>116.95</b>	<b>81.35</b>	<b>109.09</b>	<b>36.63</b>	- <b>168.29</b>	<b>150.74</b>	<b>90.94</b>	<b>173.78</b>	<b>76.04</b>	<b>69.05</b>	
<b>SD</b>	<b>51.61</b>	<b>20.42</b>	<b>40.02</b>	<b>40.73</b>	- <b>127.37</b>	<b>15.53</b>	<b>78.19</b>	<b>83.65</b>	<b>57.93</b>	<b>48.03</b>	
<b>CV</b>	<b>60.36</b>	<b>16.61</b>	<b>43.65</b>	<b>14.92</b>	<b>214.36</b>	<b>23.40</b>	<b>71.10</b>	<b>145.36</b>	<b>44.05</b>	<b>33.16</b>	

Source : Annual Report of selected textile companies form 2005-06 to 2014-15



Table describe net working capital cycle ratio of selected textile companies in Gujarat during form 2005-06 to 2014-15.

Arvind Ltd net working capital cycle ratio was 231.35 days in 2005-06. 99.58 days in 2010-11 and 62.76 days in 2014-15. it shopws almost decreasing trend in selected years. Ashima td ratio was 126.37 days highest ratio in 2005-06. 78.92 days in 2010-11 and 65.41 days in 2014-15. it shows mixed trend during study. Digjam Ltd had 72.47 days in 2005-06. 178.24 days highest ratio in 2010-11 and 80.27 days in 2014-15. it almost shows decreasing trend in selected study period. GSML had 34.87 days in 2005-06. 45.22 days in 2010-11 and 14.83 days lowest ratio in 2014-15. The average days of GSML was 36.63 days. MIL had negative amount NWCC so it shows negative ratio in 2005-06 to 2010-11. There was 43.24 days in 2011-12. 80.91 highest days in 2014-15. MTL ratio was 207.79 days in 2005-06 and 136.87 days in 2014-15. it shows decreasing trend of NWC cycle in selected years. Nakoda Ltd. had 56.69 days in 2005-06. 37.89 days in 2009-10. and 238.99 days highest ratio in 2014-15. it shows there is no much more consistency between seelcted years in net working capital cycle of Nakod Ltd. SDML ratio was 39.82 day lowest ratio in 2009-10 the another years of study described increasing trend in NWC cycle 344.48 days highest ratio of SDML in 2013-14. Sintex Ltd had 14.94 days lowest ratio in 2006-07.133.65 days highest ratio in 2012-13. it shows mixed trend during study years. STML net working capital cycle ratio was 63.39 days in 2005-06. 21.70 days lowest ratio in 2009-10 and 141.80 days in highest ratio in 2014-15. The average days of STML was 69.05 days and C.V. was 48.03%.

The year wise overall average of net working capital cycle shows mixed trend during the study. The C.V. of MIL was minus (-127.637) which is not consistent another companies S.D. was 51.61%, 20.42, 40.02, 40.73, 15.53, 78.19, 83.65, 57.93, 8.03 and other companies C.V. was consistent. net working capital cycle shows variation in average net working capital cycle days. The variation can be measured by hypothesis testing so, the following hypothesis has been established.

**Hypothesis -**

- H<sub>0</sub> : There is no significance difference in net working capital cycle in between the years and between the selected textile companies.
- H<sub>1</sub> : There is significance different in net working capital cycle in between the year and between the selected textile companies.

The ANOVA test has been applied for testing hypothesis which is presented as below table.

**(a) ANOVA Net Working Capital Cycle.**

ANOVA					
NET WORKING CAPITAL CYCLE					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	793920.154	9	88213.350	10.788	.000
Within Groups	735938.553	90	8177.095		
Total	1529858.707	99			

Above table data stated the F value 10.788  $P < 0.05$  df 9 within group 90 so, it is stated that null hypothesis rejected there is no significance difference in net working capital cycle of selected textile companies, then we concluded that accept alternative hypothesis (H1). There is significance difference in net working capital cycle of selected textile companied during the selected period.

Analyzing the group wise significance difference the following test has been applied.

**(b) Tukey HSD Net Working Capital Cycle.**

NET WORKING CAPITAL CYCLE				
Tukey HSD <sup>a</sup>				
Company	N	Subset for alpha = 0.05		
		1	2	3
MIL	10	-168.2920		
GSML	10		36.6300	
Surat Textile Ltd.	10		69.0460	69.0460
Sintex Ltd.	10		76.0400	76.0400
Ashima	10		81.3500	81.3500
Nakoda Ltd.	10		90.9390	90.9390
Digjam	10		109.0920	109.0920
Arvind	10		116.9520	116.9520
MInaxi Ltd.	10		150.7440	150.7440
Shri DInesh Ltd.	10			173.7790
Sig.		1.000	.145	.238
Means for groups in homogeneous subsets are displayed.				
a. Uses Harmonic Mean Sample Size = 10.000.				

The table stated that selected textile companied are classified between three groups each group presented that there is no significance difference in selected textile companies between the group. The first group present only one company MIL, Similarly second group companies are GSML, STML, Sintex Ltd, Ashima Ltd, Nakoda Ltd, Digjam Ltd, Arvind Ltd, MTL another third group companies are STML, Sintex ltd, Ashima Ltd, Nakoda Ltd, Digjam Ltd, Arvind Ltd, MTL, SDML, during the study period from 2005-06 to 2014-15.

**6. Working Capital Turnover Ratio of Textile Companies**

Working capital turnover ratio describe company's effectiveness in sense of using its working capital working capital equation is done by current assets minus current liabilities. So the

working capital turnover ratio is identify and measure the firm's effectiveness and efficiency to meet and support the company sales.

In short working capital turnover ratio describe company's performance in using its working capital.

The working Capital turnover ratio is calculated by annual sales divided by the amount of net working capital of said period (year)

**Working Capital Turnover Ratio of Textile Companies (In Times)**

Year	Arvin d Ltd.	Ashi ma Ltd.	Digja m Ltd.	GSM L	MIL	MT L	Nako da Ltd.	SDM L	Sinte x Ltd.	STM L	AV G
2005-06	1.85	3.06	4.91	11.18	-0.74	2.10	6.68	8.14	19.78	5.80	<b>6.28</b>
2006-07	2.05	4.45	2.15	10.31	-1.37	2.58	8.43	-94.71	28.61	7.08	<b>-3.04</b>
2007-08	2.36	5.59	3.21	8.49	-1.37	2.38	10.32	9.53	14.77	4.33	<b>5.96</b>
2008-09	3.02	4.55	4p.03	6.03	-0.74	2.61	9.91	5.57	8.22	8.10	<b>5.13</b>
2009-10	4.31	4.55	8.75	10.87	-1.16	3.20	10.06	5.45	5.32	17.60	<b>6.90</b>
2010-11	4.06	4.58	2.21	8.56	-5.08	2.67	2.32	11.63	5.02	9.22	<b>4.52</b>
2011-12	5.70	4.11	2.90	8.55	5.97	2.77	3.70	2.12	3.43	4.42	<b>4.37</b>
2012-13	6.35	4.50	2.66	14.17	5.39	2.73	2.26	1.13	3.22	5.15	<b>4.76</b>
2013-14	7.14	4.83	3.88	20.39	17.40	2.98	2.66	1.13	3.81	4.23	<b>6.85</b>
2014-15	6.67	5.56	4.35	24.92	21.58	2.92	1.35	1.19	4.74	2.61	<b>7.59</b>
<b>AVG.</b>	<b>4.35</b>	<b>4.58</b>	<b>3.91</b>	<b>12.35</b>	<b>3.99</b>	<b>2.69</b>	<b>5.77</b>	<b>-4.88</b>	<b>9.69</b>	<b>6.85</b>	
<b>SD</b>	<b>46.19</b>	<b>15.62</b>	<b>49.55</b>	<b>48.09</b>	<b>222.11</b>	<b>11.53</b>	<b>63.79</b>	<b>-651.09</b>	<b>88.94</b>	<b>62.26</b>	
<b>CV</b>	<b>2.01</b>	<b>0.71</b>	<b>1.93</b>	<b>5.94</b>	<b>8.86</b>	<b>0.31</b>	<b>3.68</b>	<b>31.79</b>	<b>8.62</b>	<b>4.27</b>	

Source : Annual Report of selected textile companies form 2005-06 to 2014-15

Table indicated working capital turnover ratio of selected textile companies in Gujarat during the period form 2005-06 to 2014-15.

Arvind Ltd working capital turnover ratio was 1.85 times in 2005-06, 4.06 times in 2010-11 and 7.14 times highest ratio in 2013-14. it shows increasing trend of selected years. Average turnover

ratio of Arvind Ltd was 4.35 times C.V. was 2.01% Ashima Ltd turnover ratio was 3.06 times lowest ratio in 2005-06 and 5.56 times highest ratio in 2014-15. it shows increasing trend. Average of Ashima Ltd was 4.58 times and C.V. was 15.62% which is idea for company. Digjam Ltd W.C. turnover ratio was 4.91 times in 2005-06. 8.75 times highest ratio in 2007-08 and 4.35 times in 2014-15. it shows mixed trend average of Digjam Ltd was 3.91 times and C.V. was 1.93% . The GSML ratio was 6.03 times lowest ratio in 2008-09 and 24.92 times highest ratio in 2014-15. it was also shows mixed trend in selected years. Average of GSML was 12.35 times and C.V was 48.09% MIL had negative W.C. turnover ratio in 2005-06 to 2010-11 than 5.97 times in 201112. and 21.58 times highest ratio in 2014-15. The S.D. was 222.11 of MIL it is not applicable for company. MTL had 2.10 times lowest W.C. turnover ratio in 2005-06. 3.20 times highest turnover ratio in 2009-10.Average turnover ratio of MTL had 2.69 times and C.V. was 0.31%. It is applicable for company. Nakoda Ltd W.C. turnover ratio shows mixed trend in selected years. 10.32 times highest ratio in 2007-08. 3.70 times in 2011-12 and 1.35 was in 2014-15, 5.77 times average and S.D was 63.79% of Nakoda Ltd. SDML had 8.14 times W.C. turnover ratio in 2005-06. 11.63 times highest ratio in 2010-11. 1.19 times in 2014-15. S.D. of SDML was (-651.09%) which is not consistent with company. Sintex Ltd. W.C. turnover was 28.61 times highest 2006-07 and 4.74 times in 2014-15. Average ratio was 9.69 times andC.V. was 8.62%. STML W.C. turnover ratio was 5.80 times in 2005-06. 17.60 times highest ratio in 2009-10 and 2.61 times in 2014-15. Average ratio was 6.85 times and C.V. was 4.27%.

The average W.C. turnover ratio of selected companies was 4.93 times and S.D. was 6.81%. The C.V. of MIL and SDML was negative. The C.V. was not consistent in W.C. turnover ratio of companies.

The table presented that there is variation among working capital turnover ratio of selected textile companies. So to finding out variation the following hypothesis has been established

**Hypothesis -**

H<sub>0</sub> : There is no significance difference in working capital turn over in between the years and between the selected textile companies.

H<sub>1</sub> : There is significance different in working capital turn over in between the year and between the selected textile companies.

The ANOVA test has been applied for testing above mentioned hypothesis the result presented below.

**(a). ANOVA of Working Capital Turnover Ratio**

ANOVA					
WORKING CAPITAL TURNOVER RATIO					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1857.664	9	206.407	1.667	.109
Within Groups	11146.638	90	123.852		
Total	13004.302	99			

The result of ANOVA test present the F value 1.667 p value 0.109 df-9 within group 90, It is concluded that null hypothesis accepted. There is no significance difference in working capital turnover ratio of selected textile companies during the study period form 2005-06 to 2014-15.

Further more analysis to find significance between the companies which is presented as below.

**(b) HSD Post HOC Working Capital Turnover Ratio**

WORKING CAPITAL TURNOVER RATIO			
Tukey HSD <sup>a</sup>			
Company	N	Subset for alpha = 0.05	
		1	2
Shri DInesh Ltd.	10	-4.8820	
MInaxi Ltd.	10	2.6940	2.6940
Digjam	10	3.9050	3.9050
MIL	10	3.9880	3.9880
Arvind	10	4.3510	4.3510
Ashima	10	4.5780	4.5780
Nakoda Ltd.	10	5.7690	5.7690
Surat Textile Ltd.	10	6.8540	6.8540
Sintex Ltd.	10	9.6920	9.6920
GSML	10		12.3470
Sig.		.113	.643

Means for groups in homogeneous subsets are displayed.  
a. Uses Harmonic Mean Sample Size = 10.000.

The data mentioned in table 7.8 9b) which is stated that all the selected textile companied has been divided into 2 group. The group companied presented that there is no significance difference in average working capital turnover ratio of group companies. The first group companies are SDML, MTL, Digjam, MIL, Arvind, Nakoda Ltd, STML and Sintex Ltd. The another group companies are MTL, Digjam Ltd, MIL, Arvind Ltd, Ashima Ltd, Nakoda Ltd, STML, SIntex Ltd and GSML during the study period.

**FINDING & SUGGESTIONS**

- ✓ Gross working capital cycle SDML ,DIGJAM and MTL shows longer period during study. The C.V. of selected Companies not consistant.
- ✓ GSML has highest working turnover ratio ,it was avg. 12.35 times during study period.
- ✓ The current ratio of NAKODA Limited was higher than other companies.
- ✓ The quick ratio show mixed trend but there was no significant difference between the companies during the study period.
- ✓ MIL show negative result of operating cycle it shows business were not running properly.
- ✓ Most of the selected companies has longer operating cycle. So management must have to take step for improving performance .they must have to make new strategy for good performance

## CONCLUSION

Working capital know as life blood of business so the company has to ensure that it has proper balance between current asset and current liabilities.

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