ANALYSING THE FINANCIAL GROWTH AND CHALLENGES OF INDIAN SELECTED TEXTILE COMPANIES

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ABSTRACT

The Indian textile sector stands as a cornerstone of the country's industrial and economic framework, significantly contributing to employment, GDP, and export earnings. This research, titled "Analyzing the Financial Growth and Challenges of Selected Indian Textile Companies," explores the financial trajectory and core challenges faced by key players in the industry from 2019–20 to 2023–24. The study includes an in-depth review of ten leading textile firms such as Arvind Ltd, Raymond Ltd. Through trend analysis of financial metrics—such as revenue, gross and net profits, return on capital employed, and earnings per share—the research highlights patterns of growth, stagnation, and decline within the sector. The data reveals that while some companies achieved consistent financial progress, others were impacted by operational inefficiencies, volatile raw material prices, and supply chain disruptions, particularly during the COVID-19 pandemic. Moreover, the study identifies pressing challenges like rising production costs, outdated manufacturing technologies, increased global competition, and regulatory burdens related to sustainability and environmental compliance. Nevertheless, certain firms demonstrated financial resilience by adopting innovative strategies, such as diversifying product lines, expanding into international markets, investing in automation, and promoting eco-friendly manufacturing practices. This research underlines the importance of strategic agility, financial discipline, and technological upgradation in navigating a highly competitive and evolving global textile market. The findings also stress the need for stronger government policy support, investment in research and development, and skill enhancement initiatives to drive sustainable growth. The insights derived from this study will be beneficial for industry stakeholders, investors, policymakers, and academicians seeking to understand the financial health and challenges of India’s textile sector in the post-pandemic period.

Key Words: - Contributing to employment, GDP, Trend Analysis

1. INTRODUCTION

The Indian textile industry is not only one of the oldest industries in the country but also one of the most crucial contributors to its socio-economic development. With its deep historical roots and strong presence across the value chain—from fiber production to finished garments—the sector plays a pivotal role in generating employment, promoting exports, and driving industrial growth. It accounts for around 2% of India's Gross Domestic Product (GDP), nearly 7% of industrial output, and about 12% of total export earnings. Moreover, the sector provides direct and indirect employment to over 45 million people, making it the second-largest employer after agriculture.

In the contemporary business environment, however, the textile sector faces a unique blend of opportunities and challenges. On one hand, India has the advantage of an abundant raw material base, skilled labor, and increasing global interest in sustainable textiles. On the other hand, it must contend with rising input costs, regulatory pressures, outdated technology in some sub-segments, and stiff competition from global players like China, Bangladesh, and Vietnam. Furthermore, the global COVID-19 pandemic during 2020–21 disrupted supply chains, halted production in many regions, and led to a drop in both domestic and international demand, severely impacting the financial stability of several textile firms.

Given this context, the present study aims to evaluate the financial growth and challenges faced by selected Indian textile companies over a five-year period from 2021 to 2025. The study focuses on ten leading companies in the industry, including Arvind Ltd, Raymond Ltd.These companies were selected based on their market presence, financial data availability, and diverse operational models across different textile segments.

The research employs trend analysis and key financial ratio assessments to measure the performance of these companies over the given period. Metrics such as total income, net profit, gross profit margin, return on capital employed (ROCE), earnings per share (EPS), and debt-equity ratio are evaluated to understand each company's financial trajectory. The study finds that while some companies managed to maintain stable growth and profitability through strategic planning, technological investments, and diversified market presence, others struggled due to inefficiencies, high debt levels, and lack of innovation. Moreover, this research identifies key structural and operational challenges prevalent in the Indian textile sector. These include fluctuating cotton prices, outdated manufacturing infrastructure, environmental compliance issues, and global trade uncertainties. Despite these difficulties, several firms have shown resilience by adopting new-age strategies such as product innovation, sustainable manufacturing, digital integration, and geographic diversification.

2. CURRENT SCENARIO OF THE TEXTILE COMPANIES

The current scenario of Indian textile companies reflects a phase of cautious recovery and strategic transformation following the disruptions caused by the COVID-19 pandemic. While the industry has regained momentum with the revival of domestic demand and export opportunities, it continues to face several challenges. Many companies have reported improved revenue and profitability in 2021 and 2025 due to increased consumption, government incentives, and a shift towards value-added and sustainable textiles. The volatility in raw material prices, especially cotton and yarn, remains a major concern, impacting the profit margins of spinning and weaving units. Additionally, rising labor costs and stricter environmental regulations demand greater investment in automation and sustainable practices. Despite these constraints, the industry is witnessing growing investor interest, policy support through schemes like PLI and MITRA parks, and digitalization initiatives. Overall, Indian textile companies are at a critical juncture where embracing modernization, innovation, and responsible manufacturing will determine their long-term growth and global relevance.

3. LITERATURE REVIEW

D. Gupta (2019)[1] in her study on the financial performance of textile firms in India, Gupta analyzed the profitability and liquidity positions of five major companies using ratio analysis over a five-year period. She concluded that most textile companies had inconsistent earnings due to fluctuating raw material prices and seasonal demand. The study emphasized the importance of working capital management and cost control for financial sustainability. However, Gupta did not incorporate external challenges such as global trade dynamics or environmental regulations in her study, highlighting a gap for further exploration.

R. Shah & A. Mehta (2020)[2] Shah and Mehta examined the impact of the GST regime and economic reforms on the Indian textile industry. Their findings revealed that while larger companies adapted quickly and benefitted from export incentives, small and medium textile firms faced compliance-related challenges and rising operational costs. The study also pointed out the need for digital transformation and modernization in the post-reform era. This research is relevant for understanding regulatory challenges faced by companies in recent years.

S. Iyer (2021)[3] Iyer's research focused on the impact of COVID-19 on the Indian textile sector. He conducted a case study analysis of six textile firms and found that companies with integrated operations and diversified markets experienced faster recovery. The study also highlighted the disruption in labor availability and supply chains as key short-term challenges. Iyer emphasized the role of government support schemes in stabilizing the industry during the crisis. His work provides useful insights into resilience strategies during external shocks.

M. Deshmukh & P. Rane (2022)[4] Deshmukh and Rane assessed the role of sustainability and environmental practices in shaping the competitiveness of Indian textile exporters. Through qualitative analysis of export-driven firms, they noted a growing preference in global markets for eco-certified, organic, and water-efficient textile products. Companies that invested in green technology and compliance were found to perform better in terms of export orders and brand reputation. This study underscores the increasing importance of environmental responsibility for future growth.

T. Kannan (2023)[5] Kannan evaluated the financial growth of selected textile companies using trend analysis and statistical modeling. His research revealed that firms with strong capital structures and minimal debt outperformed peers in terms of return on investment. Kannan also identified the growing role of automation, artificial intelligence, and digitization in improving operational efficiency. His findings are significant in understanding how financial discipline and technology adoption are becoming crucial drivers of success in the modern textile landscape.

4. OBJECTIVE

1. To analyse the financial growth of selected textile companies using key financial indicators.
2. To identify major challenges faced by the Indian textile sector.
3. To understand the impact of internal and external factors on financial performance.
4. To provide strategic suggestions for sustainable growth in the textile industry.
5. To analysis the trend analysis of the selected Companies

5. RESEARCH METHODOLOGY

The present study employs a quantitative research methodology to analyze the financial growth and challenges of selected Indian textile companies over a five-year period from 2021 to 2025. The research is based entirely on secondary data collected from reliable sources such as published annual reports, company websites, financial statements, stock exchange databases (BSE/NSE), and industry reports. A sample of ten leading textile companies—such as Arvind Ltd, Raymond Ltd—has been selected based on market capitalization, availability of financial data, and industry relevance. Key financial indicators including total income, net profit, earnings per share (EPS), return on capital employed (ROCE), and debt-equity ratio have been examined. Tools such as trend analysis and ratio analysis were applied to evaluate the financial performance and detect growth patterns. The methodology aims to identify strengths, weaknesses, and critical challenges to provide strategic recommendations for sustainable financial development in the textile sector.

6. DATA ANALYSIS

The data analysis reveals that Arvind Fashions Limited focused on financial stability with reduced debt and steady asset growth, showing consistent trends. In contrast, Raymond Ltd adopted an aggressive growth strategy with increased borrowings and investments. ANOVA results confirm significant yearly changes for Raymond Ltd but stable trends for Arvind Fashions.

6.1 TEND ANALYSIS OF ARVIND FASHIONS LIMITED

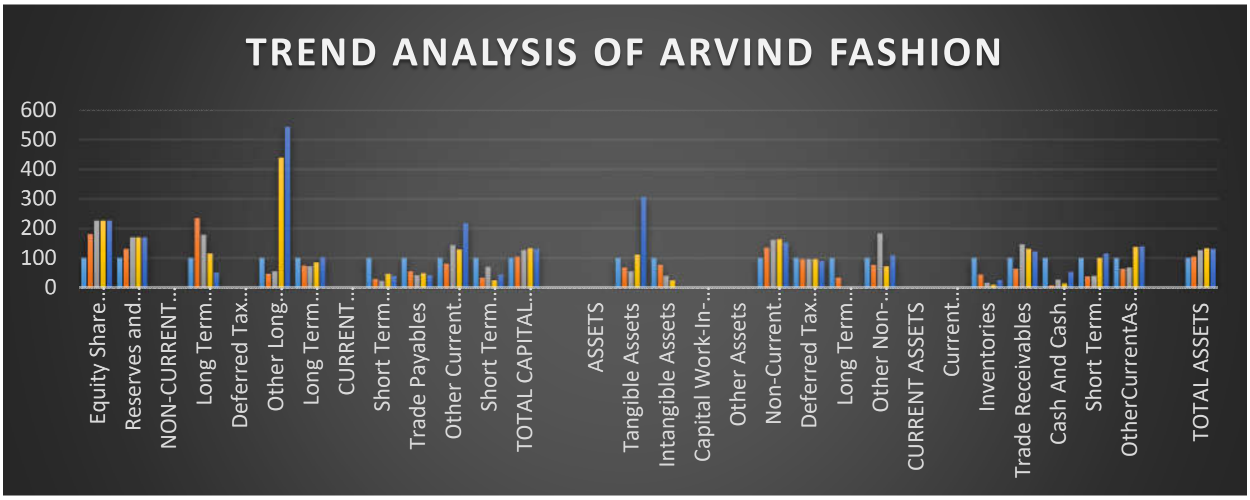
SHAREHOLDER'S FUNDS	**2021 %**	**2022 %**	**2023 %**	**2024 %**	**2025 %**
Equity Share Capital	100	181	226	226	227
Reserves and Surplus	100	132	170	171	170
NON-CURRENT LIABILITIES					
Long Term Borrowings	100	236	178	115	50
Deferred Tax Liabilities [Net]	0	0	0	0	0
Other Long Term Liabilities	100	47	56	439	542
Long Term Provisions	100	75	73	86	104
CURRENT LIABILITIES					
Short Term Borrowings	100	30	23	46	39
Trade Payables	100	55	43	49	43
Other Current Liabilities	100	81	145	130	218
Short Term Provisions	100	35	71	24	45
TOTAL CAPITAL AND LIABILITIES	100	106	128	133	130
ASSETS					
Tangible Assets	100	67	55	112	306
Intangible Assets	100	78	40	25	0
Capital Work-In-Progress	0	0	0	0	0
Other Assets	0	0	0	0	0
Non-Current Investments	100	135	162	164	153
Deferred Tax Assets [Net]	100	98	98	98	91
Long Term Loans And Advances	100	33	0	0	0
Other Non-Current Assets	100	78	183	73	109
CURRENT ASSETS					
Current Investments	0	0	0	0	0
Inventories	100	44	17	11	24
Trade Receivables	100	64	146	131	122
Cash And Cash Equivalents	100	9	27	15	54
Short Term Loans And Advances	100	39	40	100	115
Other Current Assets	100	65	68	137	140
	0	0	0	0	0
TOTAL ASSETS	100	106	128	133	130

ANOVA TEST

Groups	Count	Sum	Average	Variance
Column 1	27	2200	81.48148	1566.952
Column 2	27	1792.428	66.38623	3305.526
Column 3	27	2076.218	76.89697	4768.049
Column 4	27	2416.77	89.50999	9060.982
Column 5	27	2813.482	104.203	14224.2

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	21737.7	4	5434.426	0.825256	0.511354	2.44135
Within Groups	856068.4	130	6585.142			
Total	877806.1	134				



EXPLANATION:-

The trend analysis of Arvind Fashions Limited from 2021 to 2025 reveals fluctuations in shareholder funds and liabilities. Equity share capital increased steadily, while reserves and surplus also showed consistent growth, indicating improved retained earnings. Long-term borrowings declined significantly, showing reduced dependence on debt financing. On the asset side, tangible assets rose sharply, reflecting possible capital investments, while intangible assets diminished to zero. Inventories and receivables fluctuated, affecting current asset stability. The ANOVA test indicates no significant difference between the yearly means ($F = 0.825$, $P > 0.05$), suggesting that the overall trend in financial components remained statistically consistent across the years.

6.2 TREND ANALYSIS OF RAYMOND LTD

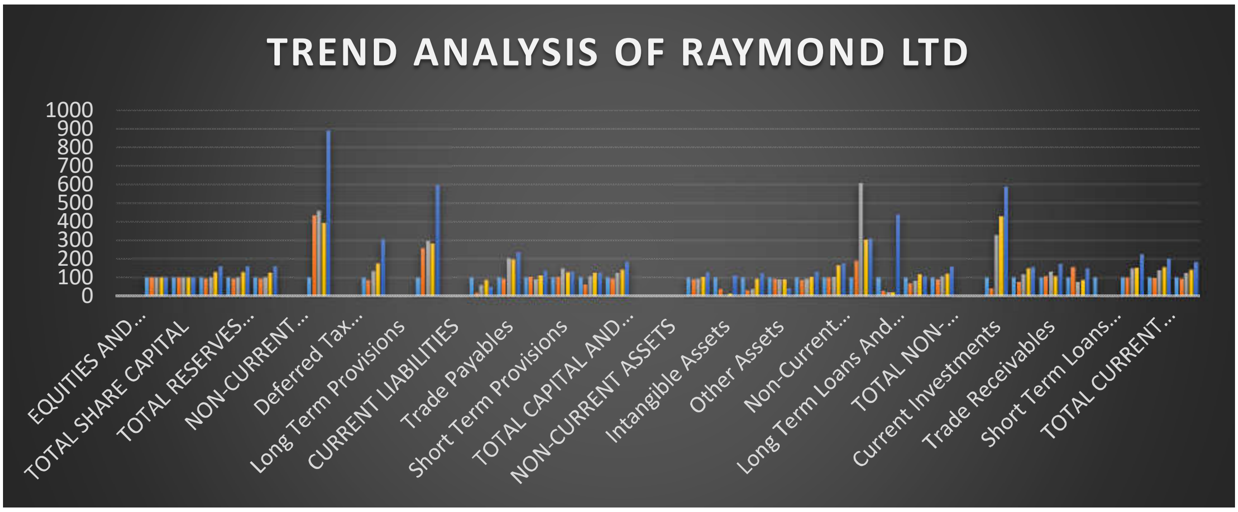
SHAREHOLDER'S FUNDS	2021 %	2022 %	2023 %	2024 %	2025 %
EQUITIES AND LIABILITIES					
Equity Share Capital	100	103	103	103	103
TOTAL SHARE CAPITAL	100	103	103	103	103
Reserves and Surplus	100	93	102	127	160
TOTAL RESERVES AND SURPLUS	100	93	102	127	160
TOTAL SHAREHOLDERS FUNDS	100	94	102	126	158
NON-CURRENT LIABILITIES					
Long Term Borrowings	100	437	461	394	891
Deferred Tax Liabilities [Net]	0	0	0	0	0
Other Long Term Liabilities	100	87	135	178	309
Long Term Provisions	0	0	0	0	0
TOTAL NON-CURRENT LIABILITIES	100	261	297	286	599
CURRENT LIABILITIES					
Short Term Borrowings	100	19	60	86	50
Trade Payables	100	95	205	198	236
Other Current Liabilities	100	103	90	111	136
Short Term Provisions	100	103	150	130	134
TOTAL CURRENT LIABILITIES	100	63	109	124	125
TOTAL CAPITAL AND LIABILITIES	100	95	125	141	185
ASSETS					
NON-CURRENT ASSETS					
Tangible Assets	100	89	96	103	130
Intangible Assets	100	39	2	14	112
Capital Work-In-Progress	100	33	39	94	125
Other Assets	100	96	92	90	42
FIXED ASSETS	100	88	95	103	131
Non-Current Investments	100	101	106	165	177
Deferred Tax Assets [Net]	100	191	609	306	312
Long Term Loans And Advances	100	28	21	21	439
Other Non-Current Assets	100	69	83	120	110
TOTAL NON-CURRENT ASSETS	100	90	108	120	161
CURRENT ASSETS					
Current Investments	100	44	330	429	586
Inventories	100	78	120	151	156
Trade Receivables	100	109	134	108	175
Cash And Cash Equivalents	100	157	77	87	148
Short Term Loans And Advances	100	0	0	0	0
Other Current Assets	100	101	151	153	227
TOTAL CURRENT ASSETS	100	98	138	157	203
TOTAL ASSETS	100	95	125	141	185

ANOVA TEST

Groups	Count	Sum	Average	Variance
Column 1	34	3200	94.11765	570.41
Column 2	34	3257.067	95.79609	6277.13
Column 3	34	4467.578	131.3993	15804.39
Column 4	34	4598.008	135.2355	9408.716
Column 5	34	6768.607	199.0767	33731.55

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	246570.7	4	61642.67	4.684649	0.001317	2.426438
Within Groups	2171142	165	13158.44			
Total	2417713	169				



EXPLANATION

The trend analysis of Raymond Ltd from 2021 to 2025 shows a steady increase in shareholders' funds, primarily driven by rising reserves and surplus, indicating strong internal accruals. Non-current liabilities, especially long-term borrowings, rose significantly, suggesting increased reliance on debt. Current liabilities and assets also increased, reflecting growing operational activities. Tangible assets and investments grew, while intangible assets fluctuated. Notably, deferred tax assets and long-term advances showed sharp increases, indicating shifts in tax positions and financial structuring. The ANOVA test result ($F = 4.68$, $P < 0.05$) reveals significant variation in financial data across the years, highlighting notable year-on-year financial growth and structural changes.

7. GOVERNMENT SUPPORT AND POLICY MEASURES

The Indian government has introduced several initiatives to boost the sector:

- Production-Linked Incentive (PLI) Scheme for man-made fibers and technical textiles.
- Technology Upgradation Fund Scheme (TUFS) to support modernization.
- Mega Integrated Textile Region and Apparel (MITRA) Parks to promote infrastructure development.
- Export Promotion Schemes like RoSCTL and RoDTEP.

8. CONCLUSION

The trend analysis and ANOVA results for Arvind Fashions Limited and Raymond Ltd from 2021 to 2025 reveal distinct financial patterns and strategic directions. Arvind Fashions Limited demonstrated steady growth in shareholders' funds, supported by consistent increases in equity share capital and reserves. The company significantly reduced its long-term borrowings, indicating a shift toward lower financial risk and improved self-sufficiency. Growth in tangible assets suggests capital investment, while the decline in intangible assets reflects a more conservative approach to non-physical investments. The ANOVA test ($F = 0.825$, $P > 0.05$) indicates there is no significant variation in the yearly financial data, implying financial consistency during the period.

Raymond Ltd, on the other hand, showed a more aggressive financial strategy. The company experienced a notable rise in reserves and surplus, as well as in total shareholders' funds, suggesting healthy earnings retention. However, the sharp increase in long-term borrowings signals increased reliance on debt to fuel growth. Investments in both tangible and intangible assets, along with capital work-in-progress, point toward expansion and modernization. Current assets and liabilities also grew steadily, reflecting enhanced business activity. The ANOVA test ($F = 4.68$, $P < 0.05$) shows a significant difference across years, indicating dynamic financial shifts and structural changes.

Arvind Fashions focused on financial stability and debt reduction, while Raymond Ltd pursued growth through aggressive investment and borrowing. These differing approaches highlight varied risk appetites and financial strategies, offering valuable insights for stakeholders evaluating long-term performance and sustainability.

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