



A Study on Financial Performance Analysis of Bannari Amman Spinning Mills Limited, Coimbatore

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Abstract - This study presents a comprehensive financial performance analysis of Bannari Amman Spinning Mills Limited (BASML), a BSE and NSE listed cotton textile company headquartered in Coimbatore, Tamil Nadu (BSE Code: 532674), over six financial years from FY 2019-20 to FY 2024-25. Using fourteen analytical frameworks - including Altman Z-Score, DuPont 3-Factor Analysis, Pareto Cost Analysis, Pearson Correlation, Coefficient of Variation, OLS Regression Forecasting, Cash Flow Quality Assessment, CAGR Analysis, Scenario Analysis, Segment Profitability, Value Added Statement, Trend Analysis, Profit Reconciliation, and Production & Cost Efficiency - the study analyses audited standalone financial data sourced directly from the company's annual reports filed with BSE. Key findings reveal that BASML reported net losses from continuing operations in four of six years (FY2021, FY2023, FY2024, FY2025), fell in the Altman Z-Score Distress Zone in five of six years, and experienced negative operating cash flows for four consecutive years (FY2021–FY2024). Total Income peaked at ₹1,28,968 lakhs in FY2022 but declined 31% to ₹89,030 lakhs by FY2025. Raw material cost dominates at 70.9% of six-year cumulative costs. The wind energy segment is the most profitable business division. FY2025 shows early recovery - positive operating cash flow of ₹5,523 lakhs and improved working capital

management. The study concludes with actionable recommendations on yarn premiumisation, debt reduction, working capital discipline, and wind energy expansion.

Keywords - Financial Performance; Altman Z-Score; DuPont Analysis; Bannari Amman Spinning Mills; Textile Industry; Cash Flow Quality; Pareto Analysis; CAGR



I. INTRODUCTION

Bannari Amman Spinning Mills Limited (BASML) is a Coimbatore-based, vertically integrated textile company incorporated in 1989 and listed on BSE (Code: 532674) and NSE (Symbol: BASML). The company manufactures cotton yarn, woven and knitted fabrics, home textiles, and generates renewable wind energy from its 35.4 MW installed capacity. With over 144,000 installed spindles, it is one of the significant players in the South Indian textile sector [8].

The Indian textile industry faces persistent pressure from volatile cotton prices, rising energy costs, and intensifying global competition. BASML has experienced significant revenue decline and recurring losses from continuing operations in recent years, making a structured financial performance analysis both timely and academically relevant. This study applies fourteen analytical frameworks to six years of audited standalone financial data (FY2020–FY2025) to diagnose the company's financial health, identify structural cost drivers, and forecast future performance.

Despite BASML's listed status and regulatory disclosure obligations, no prior study has applied this full set of analytical frameworks to its verified six-year audited data in an integrated manner. This study addresses that gap and establishes a replicable analytical template for similar private-sector spinning mills.

II. LITERATURE REVIEW

Sharma and Mehta (2019) studied financial performance of select Indian textile firms over five years using ratio analysis and DuPont decomposition, finding that raw material cost accounts for over 55% of total revenue in spinning mills - a pattern confirmed in BASML's data where raw material ranges from 62% to 81% of total income [4].

Gupta (2020) examined working capital efficiency in cotton spinning companies listed on BSE, finding that inventory management and debtor turnover are critical to cash flow stability. BASML's negative operating cash flows in FY2021 through FY2024 are consistent with these findings [5].

Altman (1968) developed the Z-Score model using discriminant analysis. Reddy and Rao (2021) applied it to Indian textile companies and found that mid-sized spinning mills frequently fall in the distress or grey zone due to moderate leverage and thin margins [1]. BASML's corrected Z-Scores confirm Distress Zone classification in five of six years.

Narayanan (2022) applied the 80-20 Pareto principle to South Indian textile mills, finding raw material costs account for over 70% of total manufacturing costs - consistent with BASML's actual data at 70.9% [6]. Ramachandran and Nair (2020) studied divergence between profits and operating cash flows, showing that high accruals produce reported profits without cash generation - directly reflected in BASML's FY2022 experience [7]. Pillai (2023) demonstrated that revenue is far more forecastable than profit in Indian textile companies - confirmed by BASML's PAT CV of 1,434% versus Revenue CV of only 16%.

III. RESEARCH METHODOLOGY

This is a descriptive and analytical study based on secondary data. All financial figures are sourced from audited standalone annual reports of BASML filed with BSE (Code: 532674) for FY 2019-20 to FY 2024-25. The garment segment, classified as discontinued operations from FY2024, is noted separately. All values are in Indian Rupees Lakhs (₹ L) unless otherwise stated. Fourteen analytical tools are applied as listed in Table I.

No	Analytical Tool	Purpose
1	Altman Z-Score	Financial distress risk assessment
2	DuPont 3-Factor Analysis	ROE decomposition into margin, turnover, leverage
3	Trend Analysis	Year-on-Year revenue, cost and profit trends
4	Key Ratio Analysis	Liquidity, profitability, efficiency ratios
5	Pareto Cost Analysis	Identify dominant cost drivers (80-20 rule)
6	Pearson Correlation	Revenue-cost-profit statistical relationships



7	Coefficient of Variation	Relative volatility of key financial variables
8	OLS Regression Forecast	Revenue and PAT forecast for FY2026–FY2027
9	Cash Flow Quality	CFO vs PAT - earnings quality assessment
10	CAGR Analysis	5-year compound annual growth rates
11	Scenario Analysis	PAT under optimistic, base, pessimistic assumptions
12	Value Added Statement	Value distribution to all stakeholders
13	Segment Profitability	Yarn, fabric, wind energy segment analysis
14	Production & Cost Efficiency	Capacity utilisation and per-unit cost trends

Table I: Fourteen Analytical Tools Applied in This Study

IV. DATA ANALYSIS AND FINDINGS

4.1 Trend Analysis - Revenue, Cost and Profitability

Table II presents BASML's standalone P&L figures as reported in audited annual reports filed with BSE for each year. Revenue peaked at ₹ 1,28,968 lakhs in FY2022, driven by post-COVID demand recovery and elevated yarn prices. It then declined steadily to ₹89,030 lakhs in FY2025 - a 31% drop from the FY2022 peak. The company reported net losses from continuing operations in FY2021, FY2023, FY2024 and FY2025. The FY2025 total PAT appears positive (₹3,686 lakhs) only because it includes a ₹3,804 lakh one-time gain on disposal of the discontinued garment segment; continuing operations recorded a loss of ₹118 lakhs.

Particulars (₹ Lakhs)	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue from Operations	92,497	85,964	1,28,543	1,09,514	92,352	88,736
Other Income	1,847	576	426	372	1,967	294
Total Income	94,345	86,540	1,28,968	1,09,885	94,319	89,030
Raw Material Cost	65,750	53,916	88,110	89,484	67,125	65,458
Employee Cost	8,774	7,913	11,070	9,654	8,253	8,085
Finance Costs	6,496	5,676	4,633	4,763	4,910	4,502
Depreciation	2,831	2,809	2,818	2,921	2,887	2,522
Other Expenses	11,262	11,923	15,968	13,263	11,233	11,411
Total Expenses	94,321	87,785	1,21,360	1,14,935	97,146	89,301
EBITDA	9,350	7,239	15,058	2,634	4,969	6,754
EBITDA Margin %	9.9%	8.4%	11.7%	2.4%	5.3%	7.6%
PAT - Continuing ops	20	(1,055)	4,870	(3,483)	(2,063)	(118)
PAT - Total (incl. disc.)	20	(1,055)	4,870	(3,483)	(2,623)	3,686
Net Margin % (cont.)	0.02%	(1.22%)	3.78%	(3.17%)	(2.19%)	(0.13%)

Table II: Trend Analysis - P&L Statement (₹ Lakhs, Standalone Audited)

It is inferred that BASML reported a net loss from continuing operations in four of six years - FY2021, FY2023, FY2024, and FY2025. FY2022 was the sole year of meaningful profitability, driven by a post-COVID demand surge and elevated yarn prices. The FY2025 total PAT is misleading - it reflects a one-time disposal gain from the garment segment, not operating recovery. EBITDA remained positive in all six years, but the persistent gap between EBITDA and PAT reveals the compounding burden of finance costs and raw material pressure. This gap - not revenue shortfall - is the primary profitability problem.

4.2 Key Financial Ratios

Table III presents the key financial ratios computed from audited data. Gross profit margin varied widely - from 18.6% in the high-cotton-price FY2023 to 37.7% in FY2021. The current ratio was below 1.0 in FY2020 and FY2021, indicating stressed short-term liquidity in those years. ROE was negative in FY2021, FY2023, and FY2024. Asset turnover remained below 1.0 in five of six years, consistent with a capital-intensive business.



Ratio	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Gross Profit Margin %	30.3%	37.7%	31.7%	18.6%	28.8%	26.5%
Net Margin % (cont.)	0.02%	(1.22%)	3.78%	(3.17%)	(2.19%)	(0.13%)
ROCE % (EBIT/Capital Emp.)	12.4%	9.1%	17.2%	(0.4%)	3.4%	7.3%
ROE % (DuPont)	0.06%	(3.56%)	10.98%	(8.59%)	(6.91%)	8.72%
Debt-Equity Ratio	2.56	2.18	1.37	1.79	1.77	1.40
Current Ratio	0.86	0.79	1.36	1.25	1.05	1.02
Asset Turnover	0.86	0.92	1.23	0.97	0.90	0.88

Table III: Key Financial Ratios - FY2020 to FY2025

It is inferred that BASML's financial ratios reflect a company under persistent operational stress. The current ratio recovered above 1.0 only from FY2022 onwards. ROCE turned negative in FY2023; indicating operating profit was insufficient to cover even the cost of capital employed. Debt-equity improved from 2.56 in FY2020 to 1.40 in FY2025 as equity was augmented by a rights issue in FY2022 and asset disposals. This is a structural improvement but it masks the ongoing operating losses from continuing businesses.

4.3 Altman Z-Score - Financial Distress Analysis

Formula: $Z = 1.2X_1 + 1.4X_2 + 3.3X_3 + 0.6X_4 + 1.0X_5$, where $X_1 = \text{WC/Total Assets}$; $X_2 = \text{Retained Earnings/Total Assets}$; $X_3 = \text{EBIT/Total Assets}$; $X_4 = \text{Book Value of Equity/Total Liabilities}$; $X_5 = \text{Revenue/Total Assets}$. Classification: Safe Zone $Z > 2.99$; Grey Zone 1.81–2.99; Distress Zone $Z < 1.81$.

Component	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
X_1 (WC / Total Assets)	(0.075)	(0.103)	0.115	0.094	0.021	0.008
X_2 (Ret. Earnings / TA)	0.047	0.040	0.082	0.042	0.021	0.058
X_3 (EBIT / Total Assets)	0.060	0.047	0.116	(0.003)	0.020	0.042
X_4 (Equity / Tot. Liab.)	0.390	0.459	0.729	0.560	0.564	0.715
X_5 (Revenue / TA)	0.863	0.917	1.226	0.973	0.896	0.878
Z-Score	1.27	1.28	2.30	1.47	1.35	1.54
Zone	Distress	Distress	Grey	Distress	Distress	Distress

Table IV: Altman Z-Score Components and Classification - FY2020 to FY2025

It is inferred that BASML falls in the Distress Zone in five of six years - a materially concerning finding. Only FY2022 reaches the Grey Zone ($Z = 2.30$), coinciding with peak revenue and the only year of strong profitability. X_1 (Working Capital/TA) is negative in FY2020 and FY2021, confirming stressed short-term liquidity. X_2 (Retained Earnings/TA) remains low throughout, reflecting accumulated losses eroding retained earnings. X_3 (EBIT/TA) is negligible or negative in four years - the most damaging component for the score. The consistent Distress Zone classification demands urgent management attention and strategic corrective action.

4.4 DuPont 3-Factor Analysis - Decomposing Return on Equity

The 3-Factor DuPont model decomposes $\text{ROE} = \text{Net Profit Margin} \times \text{Asset Turnover} \times \text{Equity Multiplier}$. This reveals whether shareholder returns derive from genuine profitability, efficient asset utilisation, or financial leverage.

DuPont Component	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Net Profit Margin (total PAT)	0.02%	(1.22%)	3.78%	(3.17%)	(2.78%)	4.14%*
Asset Turnover (\times)	0.8631	0.9172	1.2260	0.9729	0.8958	0.8782
Equity Multiplier (TA/Equity)	3.5639	3.1807	2.3712	2.7856	2.7732	2.3981
ROE (DuPont) %	0.06%	(3.56%)	10.98%	(8.59%)	(6.91%)	8.72%*

Table V: DuPont 3-Factor Decomposition - FY2020 to FY2025 (* includes disposal gain)



It is inferred that BASML's ROE reflects a deeply margin-sensitive business. Negative net profit margin directly produces negative ROE in FY2021, FY2023, and FY2024 - financial leverage cannot rescue equity returns when net profit is negative. The equity multiplier has declined from 3.56 in FY2020 to 2.40 in FY2025, reflecting the rights issue and asset disposal strengthening equity. Asset turnover peaked in FY2022 when revenue was highest relative to total assets. Sustainable ROE improvement requires net profit margin recovery - not achievable through leverage or asset management alone.

4.5 Cash Flow Quality Assessment

Cash flow quality is measured by comparing Operating Cash Flow (CFO) with PAT from the P&L. A CFO/PAT ratio above 1.0 confirms profits are backed by real cash. A negative or inverted ratio reveals a dangerous divergence between accounting profit and actual cash generation. N/M = Not Meaningful (where PAT and CFO have opposite signs).

Particulars (₹ Lakhs)	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
PAT (continuing)	20	(1,055)	4,870	(3,483)	(2,063)	(118)
Cash from Operations (CFO)	12,330	114	(10,617)	(6,859)	(5,409)	5,523
CFO / PAT Ratio	618.6×	N/M	(2.18×	1.97×	2.62×	N/M
Quality Assessment	Excellent	Very Poor	Poor	Poor	Poor	Improving

Table VI: Cash Flow Quality Assessment - FY2020 to FY2025

It is inferred that FY2022 presents the most striking divergence in the study: the company's best-ever PAT of ₹4,870 lakhs was accompanied by the worst-ever CFO of negative ₹10,617 lakhs. Reported profits were entirely absorbed by a massive working capital build-up as inventory and receivables surged with the revenue spike. FY2020 is the opposite extreme - a near-zero PAT but excellent CFO of ₹12,330 lakhs, driven by collection of prior-year receivables. FY2025 marks a genuine turning point with positive CFO of ₹5,523 lakhs alongside near-zero continuing PAT - confirming improved working capital discipline. This divergence underscores that reported P&L profits do not equal cash generation - a critical risk for lenders and shareholders.

4.6 CAGR Analysis

Table VII presents compound annual growth rates from FY2020 to FY2025 (5-year base). Revenue declined modestly at -1.15% CAGR, while raw material cost was nearly flat (-0.09%), confirming that cotton prices did not fall proportionately with declining revenue. Notably, total equity grew at +6.63% CAGR, driven by the rights issue in FY2022.

Variable	FY2020 (₹ L)	FY2025 (₹ L)	CAGR (5Y)
Total Income	94,345	89,030	(1.15%)
Raw Material Cost	65,750	65,458	(0.09%)
Employee Cost	8,774	8,085	(1.62%)
EBITDA	9,350	6,754	(6.29%)
Total Assets	1,09,313	1,01,378	(1.50%)
Total Equity	30,672	42,274	+6.63%

Table VII: CAGR Analysis - Key Financial Variables (FY2020 to FY2025)

It is inferred that The CAGR profile reveals a company in gradual decline on revenue and EBITDA, while equity has grown due to external capital infusion rather than retained profits. EBITDA declining at -6.29% CAGR is particularly concerning - operating surplus is shrinking faster than revenue. The near-zero raw material CAGR despite revenue decline confirms that cotton price volatility is the primary profitability determinant; when raw material costs do not fall proportionately with revenue, operating margins are structurally squeezed.



4.7 Pareto Cost Analysis

Table VIII applies the 80-20 Pareto rule to six-year cumulative operating costs. Raw material cost alone accounts for 70.9% of total costs - significantly exceeding commonly cited industry averages. The top two cost categories together cross 83.3%, confirming the Pareto principle holds strongly in BASML's cost structure.

Rank	Cost Item	Total 6Y (₹ L)	% of Total	Cumulative %
1	Raw Material	4,29,842	70.9%	70.9%
2	Other Expenses	75,061	12.4%	83.3%
3	Employee Cost	53,751	8.9%	92.1%
4	Finance Costs	30,978	5.1%	97.2%
5	Depreciation	16,788	2.8%	100.0%

Table VIII: Pareto Cost Distribution - Six-Year Cumulative

It is inferred that Raw material procurement efficiency is the single most important operational lever for BASML. Since cotton prices are market-determined, the available management tools are procurement timing, quality mix optimisation, inventory management, and waste reduction at spinning. Finance costs, though only 5.1% of cumulative costs, represent a structural drag that declining debt will progressively reduce. Together, raw material and other expenses cross 83% of all costs within just two categories - confirming that management focus outside these two areas yields marginal returns.

4.8 Coefficient of Variation - Earnings Volatility Analysis

The Coefficient of Variation ($CV = \text{Standard Deviation} \div \text{Mean}$) measures relative volatility. PAT shows extreme volatility with a CV of 1,433.6% - the profit figure swings by magnitudes of its own average from year to year.

Variable	Mean (₹ L)	Std Dev (₹ L)	CV (%)
Total Income	1,00,515	16,131	16.0%
Raw Material	71,640	14,121	19.7%
Employee Cost	8,958	1,211	13.5%
Finance Costs	5,163	824	16.0%
PAT (total)	236	3,379	1,433.6%
Operating CFO	(820)	8,573	N/M (sign changes)

Table IX: Coefficient of Variation - Risk Profile of Key Variables

It is inferred that BASML exhibits extreme earnings volatility relative to revenue volatility - a CV of 16% for revenue versus 1,434% for PAT confirms extraordinary operating leverage. A small decline in revenue disproportionately destroys profit, while a small improvement in realisations has a leveraged positive effect. Employee cost is the most stable variable ($CV = 13.5\%$), consistent with a largely fixed workforce. Finance cost CV of 16% reflects the steady declining trend in interest obligations. The 1,434% PAT CV is the defining statistical characteristic of BASML's financial profile.

4.9 Pearson Correlation Analysis

Pearson correlation (r) measures the linear relationship between two variables. A value of $r = +1$ indicates a perfect positive relationship; $r = -1$ indicates a perfect negative relationship; r near 0 indicates no reliable linear relationship.



Variable Pair	Pearson r	Interpretation
Revenue vs Raw Material	0.895	Strong positive - RM tracks revenue closely
Revenue vs PAT	0.347	Weak positive - revenue growth does not ensure profit
Raw Material vs PAT	0.108	Very weak - RM level alone does not predict PAT
Finance Costs vs PAT	(0.266)	Weak negative - higher interest reduces PAT

Table X: Pearson Correlation Matrix - Revenue, Raw Material and Profitability

It is inferred that The strong Revenue–RM correlation ($r = 0.895$) confirms that cotton price cycles dominate both the top line and primary cost line simultaneously, leaving margin improvement difficult through cost management alone. The weak Revenue–PAT correlation ($r = 0.347$) is the most strategically important finding: higher revenue does not reliably produce higher profit. Cost structure rigidity and raw material price spikes absorb the gains from revenue growth. This confirms that revenue growth alone will not fix profitability - margin expansion requires simultaneous cotton procurement discipline and finance cost reduction.

4.10 OLS Regression Forecast - FY2026 and FY2027

Ordinary Least Squares (OLS) regression uses time ($t = 1$ to 6, for FY2020 to FY2025) as the independent variable to project Total Income and PAT into FY2026 and FY2027. These represent business-as-usual projections assuming continuation of recent trends. The regression equation is $Y = a + b(t)$, where a is the intercept and b is the slope.

Variable	Intercept (a)	Slope (b)	FY2026 Forecast	FY2027 Forecast
Total Income (₹ L)	1,02,746	(638)	98,283	97,645
PAT - Total (₹ L)	(292)	151	763	914

Table XI: OLS Regression Forecast - Total Income and PAT for FY2026 and FY2027

It is inferred that The regression model projects mild continued revenue stabilisation at approximately ₹98,000 lakhs in FY2026 and ₹97,600 lakhs in FY2027 - a much more modest decline than the FY2022-to-FY2025 contraction. PAT is forecast to turn marginally positive by FY2026–27 if recent trends continue, with amounts of ₹763–914 lakhs representing net margins of approximately 0.8–0.9% - paper-thin but directionally positive. This forecast should be read strictly as a base case; positive or negative cotton price shocks could materially alter outcomes in either direction.

4.11 Scenario Analysis

The scenario analysis estimates PAT from continuing operations under altered revenue and raw material assumptions applied to each historical year. Optimistic scenario: +10% revenue, –5% RM cost. Pessimistic scenario: –10% revenue, +5% RM cost. All other cost lines are held constant.

Scenario	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Base PAT - Continuing (₹ L)	20	(1,055)	4,870	(3,483)	(2,063)	(118)
Optimistic (+10% Rev, –5% RM)	12,700	11,700	19,200	11,500	10,000	9,600
Pessimistic (–10% Rev, +5% RM)	(12,660)	(13,810)	(9,460)	(18,500)	(14,200)	(9,840)

Table XII: Scenario Analysis - PAT under Optimistic, Base, and Pessimistic Cases (₹ Lakhs)



It is inferred that The scenario analysis reveals the extreme sensitivity of BASML's financial outcomes to commodity and revenue conditions. A 10% revenue improvement combined with a 5% raw material reduction would produce PAT of ₹9,600–19,200 lakhs in any year - transforming the company's financial profile entirely. Conversely, a pessimistic shock of –10% revenue and +5% RM cost would produce losses of ₹9,840–18,500 lakhs. This extraordinarily wide range - from large profits to large losses for the same business - confirms that BASML's financial health is almost entirely determined by external commodity price dynamics rather than internal operational effectiveness. This is the most important strategic finding of the study.

4.12 Value Added Statement - Distribution to Stakeholders

The Value Added Statement measures gross surplus generated after deducting bought-in materials and distributes it among employees, lenders, government, and the company itself through depreciation and retained profit.

Distribution (₹ Lakhs)	FY20	FY21	FY22	FY23	FY24	FY25
Gross Value Added (EBITDA + Emp)	18,124	15,152	26,128	12,288	13,222	14,840
To Employees	8,774	7,913	11,070	9,654	8,253	8,085
To Lenders (Interest)	6,496	5,676	4,633	4,763	4,910	4,502
To Government (Tax)	4	-	2,738	-	-	-
Depreciation (Reinvestment)	2,831	2,809	2,818	2,921	2,887	2,522
Retained (PAT-cont.)	20	(1,055)	4,870	(3,483)	(2,063)	(118)

Table XIII: Value Added Statement - FY2020 to FY2025 (₹ Lakhs)

It is inferred that Employees consistently receive the largest share of value added - appropriate for a labour-intensive manufacturing firm. Lenders received substantial interest payments, particularly in FY2020 (₹6,496 lakhs) when the debt burden was highest; this has declined progressively, freeing up value for the company. Government received meaningful tax only in FY2022, consistent with that being the sole year of strong continuing profitability. Retained value (PAT) was negative in FY2021, FY2023, FY2024, and near-zero in FY2025 - confirming that shareholders received no meaningful economic surplus from continuing operations over most of the study period.

4.13 Segment Profitability - Yarn, Fabric and Wind Energy

Segment revenue allocations are estimated based on disclosed operational data: yarn constitutes approximately 62% of operating revenue, fabric approximately 28%, and wind energy approximately 10%. Segment margins are estimated from cost structure disclosures and management commentary in audited annual reports.

Segment	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Yarn Revenue (est. ₹ L)	57,348	53,298	79,697	67,899	57,258	55,016
Yarn PAT Margin %	5%	(2%)	7%	(4%)	(2%)	(1%)
Fabric Revenue (est. ₹ L)	25,899	24,070	35,991	30,664	25,858	24,846
Fabric PAT Margin %	(3%)	(4%)	(2%)	(6%)	(4%)	(2%)
Wind Revenue (est. ₹ L)	9,250	8,596	12,854	10,951	9,235	8,874
Wind PAT Margin % (est.)	30%	28%	35%	30%	28%	30%

Table XIV: Segment Profitability - Yarn, Fabric, and Wind Energy (₹ Lakhs, Estimated)



It is inferred that The wind energy segment is the most profitable per rupee of revenue (~28–35% PAT margin) despite constituting only ~10% of total revenue. The fabric segment has been a persistent loss-maker across all six years - this structural loss must be addressed through conversion cost reduction or product mix optimisation rather than revenue growth alone. The yarn segment mirrors the company's overall commodity-cycle exposure - marginally profitable when cotton prices ease, loss-making when they spike. Strategic priority should be given to wind energy expansion and yarn premiumisation to improve the overall segment margin mix.

V. CONCLUSIONS

This study establishes through fourteen analytical frameworks that BASML is under significant financial stress - with net losses in four of six years from continuing operations, Altman Distress Zone classification in five of six years, and negative operating cash flows for four consecutive years (FY2021–FY2024). The three root causes are: (i) raw material cost dominance at 70.9% of total costs with no pricing power to pass through cotton price increases; (ii) persistent CFO–PAT divergence indicating working capital weakness; and (iii) extreme operating leverage with PAT CV of 1,434% versus Revenue CV of 16%.

However, recovery signals are visible: EBITDA was positive throughout all six years; total debt declined from ₹78,641 lakhs in FY2020 to ₹59,104 lakhs in FY2025; the loss-making garment division has been disposed of; and FY2025 shows positive CFO of ₹5,523 lakhs alongside improving working capital management. Regression forecasts project marginal PAT recovery to ₹763–914 lakhs by FY2026–FY2027 under base assumptions. The scenario analysis confirms that moderate interventions - a 10% revenue recovery with 5% RM savings - could restore meaningful profitability across most historical years.

VI. SUGGESTIONS

Yarn Premiumisation: Shift to higher-count specialty yarns (Supima, organic cotton, compact yarns for technical textiles) to improve per-unit realisations and reduce commodity-cycle sensitivity. Product upgrading improves PAT margin without a proportionate increase in raw material expenditure.

Working Capital Discipline: Sustain the FY2025 improvement in debtor collection and inventory management. Cotton inventory should be managed on a just-in-time basis aligned with production schedules rather than speculative bulk procurement.

Wind Energy Expansion: Leverage green financing for additional renewable capacity - the wind segment yields ~30% PAT margin consistently. Additional capacity would reduce net grid electricity cost and generate Renewable Energy Certificate income.

Debt Reduction: Accelerate debt repayment using FY2025's positive CFO. Every ₹1,000 lakh reduction in borrowings saves approximately ₹80–100 lakhs in annual interest - directly improving PAT from continuing operations.

Capacity Utilisation: With production volumes declining below installed capacity, job-work spinning contracts during low-demand periods would spread fixed costs over higher output, directly improving EBITDA margins.

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