



A Study on Financial Performance of KPR Mill Ltd

Dr. M L SHOBANA

Assistant Professor

Department of Commerce CA & PA

Hindusthan College of Science and Commerce

Ingur, Perundurai, Erode.

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Abstract

The study entitled the financial performance analysis of textile company. The objective of this study is to compare the current financial performance with last five years and to study the existing financial position of Company. The data used in this study is secondary data through annual report. The data that used in this study, ratio analysis and statistical tools such as mean, minimum, maximum and compound annual growth rate. and It is suggest that the company can concentrate on their fluctuate the level of all ratios. So the company adopting effective financial management, controlling costs and enhancing productivity improves this financial position.

Keywords: Ratio Analysis, financial performance and CAGR.

INTRODUCTION

The Indian textile industry has a great legacy, which is perhaps unmatched in the history of India's industrial development. Textiles have historically formed an important component of India's exports. Marco Polo's records show that Indian textiles used to be exported to China and South-East Asia. Textiles have also comprised a significant portion of the Portuguese trade with India. These included embroidered bedspreads, wall hangings and quits of embroidered wild silk on a cotton or jute ground. Even today, the textile sector is one of the largest contributors to India's exports with approximately 15 percent of total exports.

Financial performance analysis is an essential tool for evaluating the efficiency, profitability and overall health of a business organization. It helps stakeholders such as investors, management, creditors and analysts to



understand how effectively a company utilizes its resource to generate profits. The analysis of financial performance using various financial ratios and techniques. In the context of the Indian Textile industry, companies operate in a highly competitive and dynamic environment influenced by factors such as global demand, raw material prices, government policies and technological advancements. Therefore, analyzing financial performance becomes crucial for identifying strength, weaknesses and future growth opportunities.

STATEMENT OF THE PROBLEM

The present study aims to analyse the financial performance of textile industry in order to evaluate its profitability, liquidity, solvency and overall financial stability over a specific period. The textile industry faces several challenges such as increasing raw material cost, competition, fluctuation demand and maintaining adequate working capital, which affect its profitability and financial stability. Therefore, this study focuses on analysing the financial performance and sustainable growth.

OBJECTIVES OF THE STUDY

1. To measure the financial performance of KPR Mill limited.
2. To evaluate the profitability, liquidity and solvency position of company.
3. To identify the strength and weakness of company.

SCOPE OF THE STUDY

This project analyses the financial performance of KPR mill limited, focusing on liquidity, profitability and solvency position using secondary data from annual reports and published financial statements. The study examines the company's financial statements including Profit & Loss account and Balance Sheet. This analyse is to determine the efficiencies or performance of the company. The study gives valuable suggestions to increase its performance by making a comparison with a company in the same industry.

RESEARCH METHODOLOGY

Research methodology refers to the systematic process used to collect, analyse and interpret data for achieving the objectives of the study. This chapter explains the research design, data sources and limitation related to the analysis of financial performance of KPR mill limited.

TOOLS AND TECHNIQUES USED FOR ANALYSIS

The following financial tool is used:

1. Ratio analysis

LIMITATIONS OF THE STUDY

1. This study is based on the secondary data from published report and journals of KPR textile industry during 2020-2021 to 2024-2025.
2. The study focuses primarily on ratio analysis and does not include advanced financial tools such as fund flow analysis, cash flow forecasting or valuation techniques.
3. The study focuses only on quantitative data.

REVIEW OF LITERATURE

NITHYA & DHARSHINI (2019) in their research paper titled “**A Study on Financial Performance Analysis of Textile Industries in India**”, a sample of five industries- Welspun, Vardhaman, Trident, Raymond and Arvind- were chosen for the study and the researchers used some dependent and independent parameters to examine the financial performance of the textile companies. The study was carried out between 2012 and 2013 again between 2016 and 2017. The aim of the study was to examine the expansion of specific sectors in India. The study's findings indicated that, with regard to growth rate, trend analysis and efficiency position, all textile sectors performed

POLIBORUAH (2022) in this research article titled “**The Financial Performance of the Textile Industry: An Empirical Study**” essentially, this paper will use a variety of measures, such as profitability, liquidity, solvency and breakeven point to conduct a thorough analysis of several variables that have an impact on the financial performance. The author's conclusion in the end stated that ratios and financial performance are related.



DATA ANALYSIS AND INTERPRETATION

I. CURRENT RATIO

The current ratio is a liquidity metric that measures a company's ability to pay short-term obligations or those due within one year. It established the relationship between current assets and current liabilities. It is calculated by dividing current asset by current liabilities. The standard norm is 2:1.

$$\text{Current Ratio} = \text{Current Assets} / \text{Current Liabilities}$$

Table No:1 Current Ratio

Year	Current Assets	Current Liabilities	Current Ratio
2020-2021	1438	526.01	2.73
2021-2022	1869.41	682.7	2.74
2022-2023	2057.08	839.75	2.45
2023-2024	2050.91	476.21	4.31
2024-2025	2239.68	475.82	4.71
Mean			3.39
Minimum			2.45
Maximum			4.71
CAGR			0.12

Sources: Annual report of the KPR MILL LIMITED

INTERPRETATION

The table 4.1 shows that the current ratio of the KPR Mill limited. Current ratio shows the fluctuating trend during the study period. The ratio ranges between 4.71 and 2.45. The highest ratio 4.71 is registered in the year 2024-2025. It showed lower ratio 2.73 was registered in the year 2020-2021.

The Current Ratio registered the Positive compound annual growth rate of 0.12%.

QUICK RATIO / ACID TEST RATIO

The quick ratio represents the extent to which a business can pay its short-term obligations with its most liquid asset. In other words, it measures the proportion of business's current liabilities that it can meet with cash and assets that can be readily converted to cash. A quick ratio of 1:1 is considered satisfactory

$$\text{Quick Ratio} = \text{Quick Assets} / \text{Quick Liabilities}$$

Table No: 2 QUICK RATIO/ ACID TEST RATIO

Year	Quick asset	Quick Liability	Quick ratio
2020-2021	747.15	526.01	1.42
2021-2022	1017.51	682.7	1.49
2022-2023	824.61	839.75	0.98
2023-2024	883.77	476.21	1.86
2024-2025	1130.28	475.82	2.38
Mean			1.62



Minimum	0.98
Maximum	2.38
CAGR	0.12

Sources: Annual report of the KPR Mill limited.

INTERPRETATION

The table 4.2 shows the quick ratio of the KPR Mill limited. Quick ratio shows the fluctuating trend during the study period. The ratio ranges between 2.38 and 0.98. The highest ratio 2.38 was registered in the year 2024-2025. It showed lower ratio 0.98 was registered in the year 2022-2023.

The Quick Ratio registered Positive compound annual growth rate of 0.12%

DEBT – EQUITY RATIO

The Debt – Equity ratio shows how much debt a company has compared its assets. It is found by dividing a company's total debt by total shareholder equity. A higher debt – equity ratio means the company may have a harder time covering its liabilities.

$$\text{Debt – Equity Ratio} = \text{Debt} / \text{Shareholder's Fund}$$

Table No: 3 DEBT – EQUITY RATIO

Year	Total Debt	Shareholder's Equity	Debt Equity Ratio
2020-2021	315.69	1906.54	0.17
2021-2022	417.85	2632.18	0.16
2022-2023	497	2972.96	0.17
2023-2024	286.51	3374.07	0.08
2024-2025	241.43	3856.21	0.06
Mean			0.13
Minimum			0.06
Maximum			0.17
CAGR			0.53

Sources: Annual report of the KPR Mill limited

INTERPRETATION

The table 4.4 shows the Debt – Equity ratio of the KPR Mill limited. Debt – Equity Ratio shows the fluctuating trend during the study period. The ratio ranges between 0.17 and 0.06. The highest ratio 0.17 was registered in the year 2022-2023. It showed lower ratio 0.06 was registered in the year 2024-2025.

The Debt – Equity Ratio registered the Positive compound annual growth rate 0.53%.

INVENTORY TURNOVER RATIO

This ratio indicates the number of times stock is turned over during a year. A high ratio indicates the quick movement of stock and vice versa.

$$\text{Inventory Turnover Ratio} = \text{Net Sales} / \text{Inventories}$$

**Table No: 4 INVENTORY TURNOVER RATIO**

Year	Net sales	Average Inventory	Inventory Turnover Ratio
2020-2021	1732.1	690	2.51
2021-2022	2940.65	851.9	3.45
2022-2023	3896.56	1232.14	3.16
2023-2024	3478.15	1167.14	2.98
2024-2025	3861.32	1109.4	3.48
Mean			3.12
Minimum			2.51
Maximum			3.48
CAGR			0.14

Sources: Annual report of the KPR Mill Ltd.

INTERPRETATION

The table 4.5.2 shows the Inventory turnover ratio of the KPR Mill ltd. Inventory turnover ratio shows the fluctuating trend during the study period. The ratio ranges between 3.48 and 2.51. The highest ratio 3.48 was registered in the year 2024 – 2025. It showed lower ratio 2.51 was registered in the year 2020 – 2021.

The Inventory turnover Ratio registered the positive compound annual growth rate of 0.14%.

SUGGESTIONS

1. The company maintain an optimum level of liquidity to avoid excess idle funds.
2. The company improve cash management to meet short-term obligations easily.
3. The company maintain a balanced capital structure with proper use of debt and equity.
4. The company improve operational efficiency by using modern technology.

CONCLUSION

The study concludes that KPR Mill Ltd. has a strong financial foundation with good liquidity, solvency and efficient utilization of resources. Variations in profitability and rising operating costs indicate the need for improvement in cost management and efficiency. By adopting effective financial management, controlling costs and enhancing productivity, the company can further improve its performance and achieve sustainable long-term growth.



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