



FINANCIAL PERFORMANCE ANALYSIS OF KPR MILL LIMITED

Dr. N. Prem Anand*, S. Nikila & D. Abishek****

* Director, Department of MBA (PG), Sri Ramakrishna College of Arts & Science,
Coimbatore, Tamil Nadu

** MBA Scholar, Department of MBA (PG), Sri Ramakrishna College of Arts & Science,
Coimbatore, Tamil Nadu

Cite This Article: Dr. N. Prem Anand, S. Nikila & D. Abishek, "Financial Performance Analysis of KPR Mill Limited", International Journal of Multidisciplinary Research and Modern Education, Volume 11, Issue

1, January - June, Page Number 75-78, 2025.

Copy Right: © R&D Modern Research Publication, 2025 (All Rights Reserved). This is an Open Access Article distributed under the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

Abstract:

This research paper analyzes the financial performance of KPR Mill Limited for five years from 2019-2020 to 2023-2024 using key financial ratios and trend analysis. The research examines the company's liquidity, solvency, profitability, and operational efficiency through ratio analysis. Secondary data from published financial statements were analyzed using tools such as the current ratio, quick ratio, debt-equity ratio, inventory turnover, and profit margins. The findings indicate overall financial stability with strong equity growth and liquidity, though some fluctuations in inventory and asset utilization suggest areas for improvement. The research offers insights to support informed decision-making for stakeholders and investors.

Key Words: Financial Performance, KPR Mill Limited, Ratio Analysis, Trend Analysis.

Introduction:

The financial performance of a company is a crucial indicator of its stability, profitability, and potential for growth. By analyzing financial statements, stakeholders can evaluate how effectively the company utilizes resources, mitigates risks, and generates returns. This research focuses on the financial performance of KPR Mill Limited, a prominent textile company in India, known for its strong foundation in yarn, fabric, and garment manufacturing. So, knowing its financial position is essential for investors, lenders, and management to make precise decisions. This research seeks to perform a standalone financial performance analysis of KPR Mill Limited employing different financial ratio analysis and trend analysis for the past 5 years. Key financial ratios such as profitability, liquidity, solvency, and efficiency will be analyzed to determine the strengths and weaknesses of the company. By understanding trends and patterns, this research aims to provide valuable insights into the financial performance of KPR Mill Limited.

Statement of the Problem:

In today's ever-changing business environment, companies maintain sound financial standing to ensure long-term viability and profitability. KPR Mill Limited, prominent apparel, competes in a market where financial stability is essential for sustained expansion. However, without a thorough financial analysis, it becomes difficult to assess if the business is effectively running its finances and making long-term profits. Similarly, in the absence of comprehensive financial data, investors may not be able to generate well-informed conclusions of the company's potential for growth and financial viability.

Objectives:

- To assess the liquidity position of KPR Mill Limited using crucial liquidity ratios.
- To estimate the company's solvency and long-term financial stability.
- To analyze profitability and operational efficiency through ratio analysis.
- To examine trends in financial performance over recent years.

Limitations:

- The period of the study is limited to 5 years.
- The analysis relies on published financial data, which may have limitations in accuracy and completeness.
- The analysis relies on the company's balance sheet and income statement barring cash flow statement for a more comprehensive view of financial performance
- External factors influencing financial performance such as market conditions, economic changes and industry competition are not considered in this research.

Review of Literature:

- Darji. I. S & Dahiya. S (2023), financial performance of the textile assiduity in India the case of Haryana. Anatomized the financial performance of India's cloth assiduity, fastening on Haryana. Their study assessed crucial fiscal rates, to estimate assiduity stability. Findings stressed financial challenges and growth openings within the sector.
- Dr. A. David and P. Praveena (2023), anatomized the financial performance of KPR Mill Limited using rate analysis tools. Their study assessed profitability, liquidity, solvency, and effectiveness rates over a specific period. The findings showed strong profitability and stable fiscal health. The authors stressed the company's harmonious growth and effective cost- control strategies.
- Jufri. A, Awwalien. F, Salaamah. M & Lidia R (2023), Analysis of Financial Statement Performance in the Textile Industry. Conducted a financial performance analysis of the textile assiduity over the 2012-2021 periods. The study employed rate analysis to estimate profitability, liquidity, and effectiveness trends. The findings indicated shifting financial performance due to request dynamics and functional factors.
- Dr. A. Michael John and A. Pugazh Naavarasi (2022), conducted a study named "Financial Performance of Indian Textile Industry- A Growth Rate Analysis" fastening on the top five textile diligence in India. The study examines financial performance in the textile assiduity from 2016-17 to 2020-21, fastening on profitability, liquidity, solvency, and

growth trends. It highlights the significance of effective fiscal operation practices for advanced profitability and sustainability. and trend analysis

- Jayanthi. R & Lavanya. B. L (2020), made a exploration on financial performance analysis of textile companies in Tamil Nadu with reference to Coimbatore- a study. The main ideal of the study was relative analysis of their fiscal soundness and performance. Their exploration suggested with net profit was in a declining trend for all the named textile companies.

Research Methodology:

The proposed study is Descriptive and Analytical in nature. The data used in this study is secondary in nature, as it relies on publicly available financial statements, including the balance sheet and income statement of KPR Mill Limited. The period of the study is 5 years from 2019-2020 to 2023-2024.

Tools for Analysis:

- Ratio Analysis
- Trend Analysis

Data Analysis and Interpretation:

1. Liquidity Ratio:

1.1 Current Ratio:

Year	Current Assets (in Rs. Cr)	Current liabilities (in Rs. Cr)	Current Ratio (in Rs. Cr)
2019 - 2020	1189.04	568.39	2.09
2020 - 2021	1438.00	526.01	2.73
2021 - 2022	1869.41	682.70	2.74
2022 - 2023	2057.08	839.75	2.45
2023 - 2024	2050.91	476.21	4.31

The company's current ratio has been on the rise from 2019-2022, indicating improved liquidity as current assets grew faster than liabilities. In 2022-2023, a slight decline occurred due to a rise in liabilities, suggesting increased short-term obligations. However, in 2023-2024, the ratio spiked to 4.31, driven by a sharp drop in liabilities while assets remained almost constant. While a higher ratio reflects strong liquidity, an excessively high ratio may indicate inefficient asset utilization. The company should consider reinvesting assets for better growth rather than holding excessive liquidity.

1.2 Quick Ratio:

Year	Quick Assets (in Rs. Cr)	Current Liabilities (in Rs. Cr)	Quick Ratio (in Rs. Cr)
2019 - 2020	694.67	568.39	1.22
2020 - 2021	747.15	526.01	1.42
2021 - 2022	1017.51	682.70	1.49
2022 - 2023	824.61	839.75	0.98
2023 - 2024	883.77	476.21	1.86

The quick ratio increased from 2019-2022, indicating improved liquidity as quick assets (cash, receivables) grew faster than liabilities. In 2022-2023, it dropped to 0.98 because liabilities exceeded quick assets, indicating potential short-term liquidity concerns. However, in 2023-2024, the ratio rose sharply to 1.86 due to a significant drop in liabilities. While a ratio above 1.0 is ideal for covering short-term obligations, an excessively high ratio may indicate underutilized assets.

2. Solvency Ratio:

2.1 Debt Equity Ratio:

Year	Total Debt (in Rs. Cr)	Shareholders' Funds (in Rs. Cr)	Debt Equity Ratio (in Rs. Cr)
2019 - 2020	465.35	1504.88	0.31
2020 - 2021	315.69	1906.54	0.17
2021 - 2022	417.85	2632.18	0.16
2022 - 2023	497.99	2972.96	0.17
2023 - 2024	286.51	3374.07	0.08

The debt-equity ratio declined from 0.31 in 2019-2020 to 0.08 in 2023-2024, indicating a reduction in debt reliance and a stronger equity base. The sharp drop in 2020-2021 was due to decreased debt and rising shareholder funds, maintaining stability in the following years. The 2023-2024 ratio of 0.08 suggests minimal financial leverage, reducing risk but potentially limiting growth opportunities.

2.2 Proprietary Ratio:

Year	Shareholders' Funds (in Rs. Cr)	Total Assets (in Rs. Cr)	Proprietary Ratio (in Rs. Cr)
2019 - 2020	1504.88	2187.20	0.69
2020 - 2021	1906.54	2485.43	0.77
2021 - 2022	2632.18	3358.90	0.78
2022 - 2023	2972.96	3874.29	0.77
2023 - 2024	3374.07	3918.53	0.86

The proprietary ratio increased from 0.69 in 2019-2020 to 0.86 in 2023-2024, indicating a rising proportion of shareholder funds in total assets. This growth suggests the company is becoming less dependent on external debt and more financially stable. The steady increase from 2020-2023 reflects strong equity growth, while the sharp rise to 0.86 in 2023-2024 signifies a highly self-financed position.

3. Turnover Ratio:

3.1 Inventory Turnover Ratio:

Year	Net Sales (in Rs. Cr)	Average Inventory (in Rs. Cr)	Inventory Turn Over Ratio (in Rs. Cr)
2019-2020	2802	611.86	4.58
2020-2021	2881.22	592.61	4.86
2021-2022	3948.69	771.38	5.12
2022-2023	4570.81	1042.19	4.39
2023-2024	3904.41	1199.81	3.25

The Inventory Turnover Ratio shows an increasing trend from 2019-2022, peaking at 5.12 in 2021-2022, indicating efficient inventory management and faster stock movement. However, it declined to 3.25 in 2023-2024, suggesting slower inventory turnover, possibly due to higher inventory levels or reduced sales.

4. Profitability Ratio:

4.1 Net Profit Ratio:

Year	Net Profit After Tax (in Rs. Cr)	Total Revenue (in Rs. Cr)	Net Profit Ratio (in Rs. Cr)
2019-2020	294.61	2934.53	10.03%
2020-2021	432.62	2991.60	14.46%
2021-2022	730.80	4158.30	17.57%
2022-2023	635.04	4869.67	13.04%
2023-2024	554.92	4257.62	13.03%

The net profit ratio improved from 10.03% in 2019-2020 to 17.57% in 2021-2022, reflecting strong profitability and efficient cost management. However, it declined in 2022-2023 and 2023-2024, possibly due to increased costs or lower pricing power. Maintaining a higher net profit ratio is crucial for financial sustainability, requiring effective cost control and revenue Growth Strategies.

5. Trend Analysis:

5.1 Trend Analysis of Revenue:

Years	Revenue (in Rs. Cr)	Trend Percentage (in Rs. Cr)
2019-2020	2802.00	100
2020-2021	2881.22	102.83
2021-2022	3948.69	140.92
2022-2023	4570.81	163.13
2023-2024	3904.41	139.34

The revenue of KPR Mill Limited increased from ₹2802.00 crores in 2019-20 to ₹4570.81 crores in 2022-23 (163.13%), reflecting consistent business growth and market expansion. However, it declined to ₹3904.41 crores in 2023-24 (139.34%), indicating a slight slowdown in revenue generation. Despite this dip, the overall trend remains upward, showcasing the company's resilience and strong market presence.

Findings:

- The current and quick ratios show healthy liquidity, especially with a sharp rise in 2023-24. However, the excess suggests underutilized assets that could be reinvested for growth.
- A declining debt-equity ratio and rising proprietary ratio show reduced reliance on debt. This reflects financial stability and minimal leverage risk.
- Inventory turnover improved initially but declined in 2023-24. This shows slower stock movement and underused fixed assets.
- Net profit ratios peaked in 2021-22 but declined afterward. This indicates rising costs or pricing challenges affecting profitability.
- Revenue grew consistently until 2022-23 but dipped slightly in 2023-24. Despite this, the overall trend shows strong market presence and resilience.

Suggestions:

- Reinvest surplus liquid assets to improve returns and avoid inefficiencies caused by holding excessive idle funds.
- Monitor and manage short-term liabilities to maintain stable liquidity and avoid sudden financial pressure.
- Utilize moderate levels of debt strategically to finance growth while maintaining financial stability.
- Improve inventory management to ensure faster turnover and reduce holding costs.
- Focus on optimizing pricing strategies and reducing non-essential expenses to strengthen net profitability.

Conclusion:

The financial performance analysis of KPR Mill Limited reveals overall stability and strength, particularly in liquidity and equity structure. The company has effectively reduced debt and maintained consistent profitability over the years. However, fluctuations in inventory ratio suggest areas needing strategic attention. By optimizing liquidity use, improving operational efficiency, and maintaining a balanced capital structure, KPR Mill Limited can enhance its financial performance and sustain long-term growth.

References:

1. Ilango, N. (2024). A study on financial performance analysis of INDSIL Hydro Power & Manganese Limited, Coimbatore. *Humanities and Social Science Studies*, June 2024, 36(3), 191-198, ISSN: 2319-829X
2. Dr D Mythili, Financial Statement Analysis of KRV Spinning Factories Pvt Ltd, Salem, *History Research Journal*, ISSN

: 0976-5425 (P), Volume: 30, Issue: 02, No.2, March - April : 2024, PP 127-132

3. Ms C Ranganayaki, A study on analyzing the financial performance and Conducting ratio analysis of the company "Voith", Journal of The Oriental Institute, Vol 72, Issue 5, PP: 86-92, May 2024
4. Dr D Divya, Saira Nowreen. A & Sangilimohanraj. E (2022), Study on Financial Statement Analysis of Indian bank with Reference To Coimbatore City, Anvesak, 0378 - 4568, Vol. 51, No.1 (X) January - June 2022, 43-51
5. Dr. A. Michael john and A. Pugazh Naavarasi (2022), "Financial Performance of Indian Textile Industry a Growth Rate Analysis" Neuroquantology, Volume 20, Issue 14, October 2022.
6. Nithya L and Dhivya Dharshini (2019), "A financial performance analysis of textile industries in India", International Journal of Research and Analytical Reviews, ISSN: 2349-5138, Volume 6, Issue 1, March 2019.
7. R. J. Reddy, "Management Accounting", Margham Publications, Revised Edition, 2011 <https://www.moneycontrol.com/financials/kprmill/balance-sheetvi/m15>
8. <https://kprmilllimited.com/>