



A study on financial statement and its performance for revenue growth in Kurunji Agro product Pvt Ltd, Dindigul

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Abstract

The study analyzed the financial performance of Kurunji Agro Product, Dindigul it is one of the leading manufacturing unit and exporter of premium fruit pulp and concentrates in both national and international. The research study focused on financial indicators such as revenue growth, profitability, liquidity and solvency for 5 years from 2019-2024. In this study assessing and evaluating the financial statements namely balance sheet of each year, comparative balance sheet and ratios analysis. This research aims to evaluate the company's stability, efficiency and sustainability in the agro-processing sector in Dindigul district. The findings indicate that Kurunji Agro Product has experienced steady revenue growth due to its commitment to quality, export-oriented business model and adoption of sustainable practices like solar drying technology. However, challenges such as fluctuating raw material costs, global market demand, and foreign exchange risks impact profitability. This analysis provides valuable insights for investors, stakeholders and policymakers has emphasizing the importance of financial planning and risk management in agro-based industries. The study also included exploring diversification strategies, optimizing supply chain efficiency, and leveraging government incentives to enhance financial resilience. This study helpful to understand the effective and profitable industry run in a long-term aspect. The study finds the company often fall into the trap of thinking they know the state of their financial affairs as they become busier. The daily demands of running a successful business, however, leave them little time to devote towards this critically important management function.

Keywords: Financial statements, manufacturing, valued, fund, ratio, profitability, export

Introduction

The term 'Financial Performance analysis also known as analysis and interpretation of financial statements', refers to the process of determining financial strength and weaknesses of the firm by establishing strategic relationship between the items of the balance sheet, profit and loss account and other operative data. Financial statement analysis means the establishment of the between various items in the profit & loss accounts and balance sheet. The study about the relationship of various items of financial statement for various periods will help for the financial planning and to find out the trend of various items in future.

Statement of The Problem

In the competitive agro-based industry, financial stability and growth are critical for sustained business success. Kurunji Agro Product Pvt Ltd, Dindigul, aims to expand its market presence and revenue. However, without a proper understanding and analysis of its financial statements, identifying major areas that drive or hinder revenue growth becomes difficult. There is a need to evaluate the financial performance of the company over recent years to determine how effectively it utilizes its resources and whether its financial strategies align with its growth objectives. This study seeks to address the gap in analyzing the company's financial statements to assess their impact on revenue growth and provide insights for better financial planning and decision-making.

Need of The Study

The financial statement analysis help's to understanding financial stability and growth. It was used to evaluating profitability and efficiency it provides insights into profit generation and cost management. The ratio analysis is helps to determine how efficiently the company utilizes its resources to maximize returns to assessing liquidity and solvency ratio. The balance sheet is likely to be ranked third by many users, since it does not reveal the results of operations, and some of the numbers listed in it may be based on historical costs, which renders the report less informative. A possible candidate for most important financial statement is the statement of cash flows, because it focuses solely on changes in cash inflows and outflows.

Objectives of The Study

- To study the financial stability, growth, product description, and quality performance of the manufacturing unit.
- To Analyse the comprehensive financial statements of the partnership firm.
- To examine the ratio analysis used by the company.
- To compare the cash flow statement from 2019 to 2024.
- To find out the long-term solvency and liquidity of Kurunji Argo Product.

Methodology

The Study has systematic process used to conduct a financial statement analysis. It includes the financial techniques and strategies used to evaluate the report from

2019-2024 analysis the data to achieved that the profit is lead to growth of the organization.

Limitations of the study

- The study is limited to the financial records provided by Kurunji Argo Product Pvt Ltd for the purpose of measuring the financial statement.
- The study covers only limited duration that is five years only from 2019 to 2024 due to the limited time available for researcher.
- Evolution and discussions are based only on the secondary data which were collected from the annual report of Kurunji Argo Product Pvt Ltd at Dindigul.

The Kurunji Agro Product is a leading manufacturer and exporter of premium fruit pulp and concentrates, located at the foot of the Western Ghats in Balagan, committed to environmental sustainability, utilizing solar air heating systems to dry organic fruits before aseptic packaging for international markets. Their plant is equipped with advanced and imported machinery, ensuring the production of high-quality fruit products. As s manufacturer and exporter, they supply premium quality fruit pulp and concentrates. Kurunji Agro Product is actively seeking potential importers worldwide, assuring that their products are of high quality and distinctive.

Analysis and Interpretation of Financial Reports

Company Porfile

Table 1: Current ratio in the year from 2019 to 2024

Year	Current assets	Current liabilities	Tio
2019-2020	1,91,00,62,372	-	-
2020-2021	1,77,45,03,984	1,26,62,20,481	1.40
2021-2022	2,68,46,36,053	2,13,27,86,853	1.26
2022-2023	3,67,54,18,168	2,83,80,10,917	1.30
2023-2023	6,16,01,34,509	3,58,19,41,209	1.72

The above table shows, the Current Ratio = 1.40 for every ₹1 of liability, the company had ₹1.40 of current assets. A current ratio above 1 means the company was financially stable but not very strong. Current Ratio = 1.26 (lower than last year). The liquidity slightly weakened. For every ₹1 liability, only ₹1.26 of assets. Company might have faced some pressure to meet short-term obligations.

Table 2: Quick ratio in the year from 2019 to 2024

Year	Current assets - inventories	Current liabilities	Ratio
2019-2020	1,91,00,62,372	-	-
2020-2021	1,77,16,81,503	1,26,62,20,481	1.40
2021-2022	2,68,46,36,053	2,68,01,05,691	1.00
2022-2023	3,66,75,85,514	2,83,80,10,917	1.29
2023-2024	6,14,52,31,090	3,58,19,41,209	1.72

The above table shows, the Ratio: 1.40 the company can comfortably cover short-term obligations without depending on inventory. The Ratio: 1.00 warning zone exact match of

liquid assets and liabilities. It means the company might struggle to meet obligations if there’s any delay or unexpected issue.

Table 3: Debt to assets ratio in the year from 2019 to 2024

Year	Total debt	Total assets	Ratio
2019-2020	-	2,02,68,11,870	0.00
2020-2021	1,75,26,52,011	1,86,75,57,557	0.94
2021-2022	2,64,46,74,544	2,82,77,51,378	0.94
2022-2023	3,62,77,33,614	3,86,79,12,974	0.94
2023-2024	4,66,37,69,807	6,40,85,75,208	0.73

The above table shows, the ratio is given as 0.00, but total debt is ₹202 Cr. This seems like a data entry error likely the asset value is missing. Ratio remained at 0.94, meaning 94%

of the assets were financed by debt. This shows very high financial risk only 6% is funded by equity or internal resources.

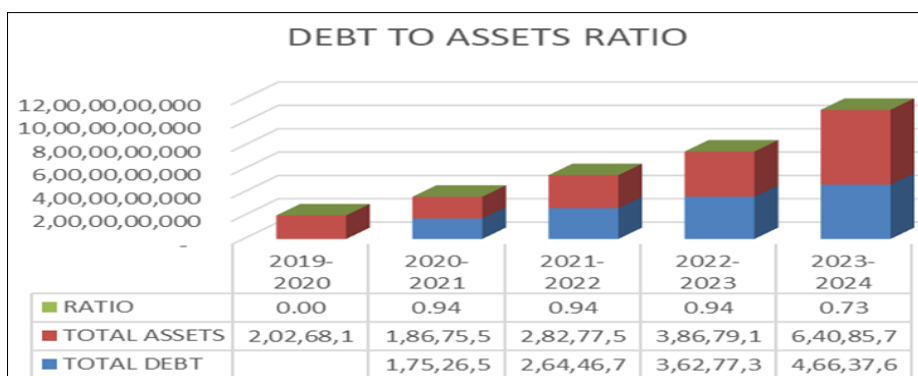


Fig 1: debt to assets ratio in the year from 2019 to 2024

Findings of The Study

- It is found that share capital and reserves have consistently increased across the years. Share capital grew from ₹3.89 Cr in 2019-20 to ₹14.14 Cr in 2023-24, while reserves increased from ₹2.46 Cr to ₹7.34 Cr, indicating strong investor confidence.
- It is found out they long-term borrowings increased from ₹50.70 Cr in 2020-21 to ₹114.11 Cr in 2023-24 (growth of 124.91%). Short-term borrowings have ballooned from ₹124.55 Cr in 2020-21 to ₹352.25 Cr in 2023-24, an increase of over 180%.
- The study revealed that grew more than 10x from ₹4.84 Lakhs in 2019-20 to ₹51.38 Lakhs in 2023-24, indicating higher taxable temporary differences.
- It is found that tangible assets increased from ₹8.64 Cr to ₹20.66 Cr from 2019-20 to 2023-24. Short-term loans & advances saw a steep rise, especially from ₹153.34 Cr in 2020-21 to ₹432.97 Cr in 2023-24.
- The major study has found from the cash & cash equivalents rose significantly from ₹16.94 Cr in 2019-20 to ₹172.32 Cr in 2023-24 (approx. 10x growth).
- The study finds out they company's total assets and liabilities grew from ₹132.07 Cr in 2019-20 to ₹640.85 Cr in 2023-24, a CAGR of nearly 45.8%.

Suggestions

- The Company steep rise in both short- and long-term borrowings needs closer scrutiny to manage debt servicing and avoid financial stress.
- The Company may increase in their short-term loans and advances need risk assessment for recoverability.

Conclusion

The company has shown impressive financial growth over the five years, with total equity and liabilities increasing nearly fivefold. This reflects successful business expansion but also introduces risks tied to high leverage and credit exposure. A consistent rise in shareholder funds reflects investor trust and retained earnings growth. This creates a strong base for future fundraising or reinvestment into the business. The company's aggressive growth is heavily funded through debt, particularly short-term borrowings. This reliance could affect liquidity and interest coverage ratios if revenue doesn't grow proportionately. While tangible assets and investments are increasing, it's important to assess whether these are generating proportional returns (Return on Assets - ROA). Capital work-in-progress was removed, suggesting completion or write-off its impact should be evaluated. Substantial growth in cash and cash equivalents indicates a healthy liquidity position. This strengthens the company's ability to meet short-term obligations and provides room for strategic investments.

Based on this study the major findings are that from the overall finance point of view, Kurunji Agro Products Pvt Ltd Company, a significant rise in short-term advances and other current assets raises questions about credit risk and the efficiency of receivables collection. The company must monitor asset quality and ensure adequate provisioning. Increasing deferred tax liabilities reflect either growing profitability or timing differences in accounting. The trend suggests rising future tax obligations and should be factored into long-term planning. The company is on a high-growth trajectory, but sustainability depends on effective debt management, asset performance, and market adaptability.

Prudent financial governance will be key to avoiding overextension.

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