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A Study on Financial Performance of Select Private Sector Sugar Companies in Tamil Nadu

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INTRODUCTION

Maximizing economic outcomes requires managerial decisions that are strategically grounded and supported by comprehensive data reflecting all aspects of business operations. Annual financial statements provide a consolidated view of these operations, offering valuable insights into a company's financial position and overall performance. They also enable both qualitative and quantitative assessments of resource allocation and value creation within the organization.

To sustain long-term success, a company must develop, implement, and maintain strategic, financial, and operational policies that align with its internal capabilities and external market conditions. The quality of managerial decisions depends on identifying and capitalizing on key factors that enhance performance, efficiency, and productivity.

RESEARCH METHODOLOGY

1. Source of Data

The present study is based entirely on secondary data collected from the following sources:

- Company websites and research journals
- Published annual reports of sugar companies
- Research-based online portals and databases

2. Sample Framework

The sample comprises six private sector sugar companies in Tamil Nadu selected based on the following criteria:

- The company has completed more than 20 years of operation
- It is listed on the BSE Sensex
- It maintains a positive share value and has not undergone demerger

Selected Companies:

1. Bannari Amman Sugars Ltd.
2. Dharani Sugars and Chemicals Ltd.
3. EID Parry (India) Ltd.
4. Rajshree Sugars and Chemicals Ltd.

5. Sakthi Sugars Ltd.

3. Source of Data

All selected firms had complete and publicly accessible financial data for the study period, sourced from MoneyControl.com and the Centre for Monitoring Indian Economy (CMIE) database. The study titled *"A Study on Financial Performance of Select Private Sector Sugar Companies in Tamil Nadu"* is mainly based on data obtained from annual reports, journals, periodicals, and official company websites.

4. Period of the Study

The study covers a period of ten financial years, from 2017–18 to 2022–23, and analyzes data pertaining to the selected sugar companies.

5.Tools Used

Analysis of Variance (ANOVA)

ANOVA is applied to examine whether the internal variables of profit differ significantly among companies and across years. It is used to analyze:

- Profitability ratios
- Short-term financial position
- Long-term financial position
- Asset turnover ratios

If the calculated *F* value exceeds the table value at a given significance level, the null hypothesis is rejected; otherwise, it is accepted.

6. Limitations of the Study

- The study is restricted to the period 2017–18 to 2022–23 only.
- Published data represent combined operations, not unit-wise results.
- Analysis is based solely on financial data from published reports; hence, the results depend on the accuracy of disclosed information.

REVIEW OF LITERATURE:

- **Balasubramanian (2012)** reviewed the status, challenges, and potential of the Indian sugar industry—India's second-largest agro-based industry after textiles. Using a descriptive approach, the study highlighted the industry's contribution to rural industrialization, employment generation, and agricultural livelihoods, especially in underdeveloped regions. However, it also identified structural inefficiencies such as cyclical production, low recovery rates, and rising production costs. The study emphasized the need for quality management, cost control, and value-added by-product processing to enhance competitiveness and global standing.

- **Bardia S.C. Subhash (2012)** conducted an empirical analysis of two major Indian steel manufacturing firms to assess financial distress using Altman's Z-Score model. Several financial ratios, common-size analyses, and solvency indicators were employed to evaluate long-term solvency. Based on the findings, the study provided strategic recommendations to strengthen financial health and mitigate bankruptcy risk in capital-intensive industries.

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ANALYSIS AND INTERPRETATION

Hypothesis -1: There is no significant difference between years and companies on current ratio.

TABLE -1 ANALYSIS OF VARIANCE FOR CURRENT RATIO

Source of Variation	Sum of Squares	DF	Mean Square	F	Significance
Between Years	18.850	9	2.094	1.129	Not Sig.
Between Companies	41.053	5	8.211	4.428	1% Sig.
Residual	83.446	45	1.854		
Total	**143.349**	**59**			

Source: Computed

Analysis of variance is computed in Table -1 and the results indicate that F ratio is 1.129 for between years and 4.428 for between companies. There is no significant difference for between years at 5 percent level of significance as the calculated value is less than the table value (2.04) and for between companies there is a significant difference as the calculated value is greater than the table value (3.34) at 1 percent level of significance in the current ratio. Hence, the hypothesis is accepted for between years and rejected for between companies.

Hypothesis -2: There is no significant difference between years and companies on quick ratio

TABLE -2 ANALYSIS OF VARIANCE FOR QUICK RATIO

Source of Variation	Sum of Squares	DF	Mean Square	F	Significance
Between Years	26.50	9	2.944	1.036	Not Sig.
Between Companies	46.05	5	9.210	3.242	5% Sig.
Residual	127.83	45	2.841		
Total	200.38	59			

Source: Computed

Analysis of variance is computed in Table -2 and the results indicate that F ratio is 1.036 for between years and 3.242 for between companies. There is no significant difference for between years as the calculated value is less than the table value (1.92) at 5 percent level and for between companies there is a significant difference as the calculated value is greater than the table value (2.37) at 5 percent level of significance in the quick ratio. Hence, the hypothesis is accepted for between years and rejected for between companies.

Hypothesis-3: There is no significant difference between years and companies on Debtors Turnover ratio.

TABLE -3 ANALYSIS OF VARIANCE FOR DEBTORS TURNOVER RATIO

Source of Variation	Sum of Squares	DF	Mean Square	F	Significance
Between Years	1432.558	9	159.173	0.616	Not Sig.
Between Companies	7770.922	5	1554.184	6.017	1% Sig.
Residual	11624.220	45	258.316		
Total	20827.700	59			

Source: Computed

Analysis of variance is computed in Table -3 and the results indicate that F ratio is 0.616 for between

years and 6.017 for between companies. There is no significant difference for between years at 5 percent level of significance as the calculated value is less than the table value (2.04) and for between companies there is a significant difference as the calculated value is greater than the table value (3.34) at 1 percent level of significance in the debtor's turnover ratio. Hence, the hypothesis is accepted for between years and rejected for between companies.

Hypothesis-4: There is no significant difference between years and companies on Working capital turnover ratio.

TABLE – 4 ANALYSIS OF VARIANCE FOR WORKING CAPITAL TURNOVER RATIO

Source of Variation	Sum of Squares	DF	Mean Square	F	Significance
Between Years	9802.262	9	1089.140	0.671	Not Sig.
Between Companies	1432.108	5	286.422	0.176	Not Sig.
Residual	73093.420	45	1624.298		
Total	84327.791	59			

Source: Computed

Analysis of variance is computed in Table- 4 and the results indicate that F ratio is 0.671 for between years and 0.176 for between companies. There is no significant difference for between years at 5 percent level of significance as the calculated value is less than the table value (2.04) and for between companies they do not differ significantly as the calculated value is also less than the table value (3.34) at 5 percent level of significance in the working capital turnover ratio. Hence, the hypothesis is accepted for both between years and between companies.

Hypothesis-5: There is no significant difference between years and companies on debt-equity ratio**.**

TABLE -5 ANALYSIS OF VARIANCE FOR DEBT-EQUITY RATIO

Source of Variation	Sum of Squares	DF	Mean Square	F	Significance
Between Years	4.734	9	0.526	0.722	Not Sig.
Between Companies	120.224	5	24.045	32.990	1% sig.
Residual	32.798	45	0.729		
Total	157.756	59			

Source: Computed

Analysis of variance is computed in Table - 5 and the results indicate that F ratio is 0.722 for between years and 32.990 for between companies. There is no significant difference for between years at 5 percent level of significance as the calculated value is less than the table value (2.04) and for between companies there is a significant difference as the calculated value is greater than the table value (3.34) at 1 percent level of significance in the debt-equity ratio. Hence, the hypothesis is accepted for between years and is rejected for between companies.

Hypothesis-6: There is no significant difference between years and companies on gross profit.

TABLE -6 ANALYSIS OF VARIANCE FOR GROSS PROFIT

Source of Variation	Sum of Squares	DF	Mean Square	F	Significance
Between Years	4789.28	9	532.14	2.780	5% Sig.
Between Companies	3909.95	5	781.99	4.085	1% Sig.
Residual	8615.22	45	191.45		
Total	**17314.45**	**59**			

Source: Computed

Analysis of variance is computed in Table -6 and the results indicate that F ratio is 2.780 for between years which is greater than the table value 2.04 at 5 percent level and 4.085 for between companies which is greater than the table value 3.34 at 1 percent level. It indicates that there is significant difference for between years and between companies. Hence, the hypothesis is rejected for between years and between companies.

Hypothesis-7: There is no significant difference between years and companies on net profit ratio.

TABLE -7 ANALYSIS OF VARIANCE FOR NET PROFIT RATIO

Source of Variation	Sum of Squares	DF	Mean Square	F	Significance
Between Years	2092.48	9	232.50	1.85	Not Sig.
Between Companies	2266.17	5	453.23	3.61	1% Sig.
Residual	5656.50	45	125.70		
Total	10015.15	59			

Source: Computed

Analysis of variance is computed in Table -7 and the results indicate that F ratio is 1.85 for between years and 3.61 for between companies. There is no significant difference for between years at 5 percent level of significance as the calculated value is less than the table value (2.04) and for between companies there is a significant difference as the calculated value is greater than the table value (3.34) at 1 percent level of significance in the net profit ratio. Hence, the hypothesis is accepted for between years and rejected for between companies.

Hypothesis-8: There is no significant difference between years and companies on return on capital employed.

TABLE-8 ANALYSIS OF VARIANCE FOR RETURN ON CAPITAL EMPLOYED

Source of Variation	Sum of Squares	DF	Mean Square	F	Significance
Between Years	0.19	9	0.02	3.45	1% Sig.
Between Companies	0.13	5	0.03	4.25	1% Sig.
Residual	0.27	45	0.01		
Total	0.59	59			

Source: Computed

Analysis of variance is computed in Table -8 and the results indicate that F ratio is 3.45 for between years and 4.25 for between companies. There is a significant difference for between years at 1 percent level of significance as the calculated value is greater than the table value (2.04) and for between companies they differ significantly as the calculated value is also greater than the table value (3.34) at 1 percent level of significance in the Return on Capital Employed. Hence, the hypothesis is rejected for both between years and between companies.

Hypothesis-9 There is no significant difference between years and companies on total assets turnover ratio**.**

TABLE -9 ANALYSIS OF VARIANCE FOR TOTAL ASSETS TURNOVER RATIO

Source of Variation	Sum of Squares	DF	Mean Square	F	Significance
Between Years	1.386	9	0.154	1.133	Not Sig.
Between Companies	1.620	5	0.324	2.383	Not Sig.
Residual	6.117	45	0.136		
Total	9.122	59			

Source: Computed

Analysis of variance is computed in Table -9 and the results indicate that F ratio is 1.133 for between years and 2.383 for between companies. There is no significant difference for between years at 5 percent level of significance as the calculated value is less than the table value (2.04) and for between companies they do not differ significantly as the calculated value is also less than the table value (3.34) at 5 percent level of significance in the total assets turnover ratio. Hence, the hypothesis is accepted for both between years and between companies.

Hypothesis-10 There is no significant difference between years and companies on funded debt to total capitalization ratio.

TABLE -10 ANALYSIS OF VARIANCE FOR FUNDED DEBT TO TOTAL CAPITALIZATION RATIO

*	Sum of Squares	DF	Mean Square	F	Significance
Between Years	0.068	9	0.008	0.910	Not Sig.
Between Companies	1.061	5	0.212	25.444	1 Sig.
Residual	0.375	45	0.008		
Total	1.505	59			

Source: Computed

Analysis of variance is computed in Table-10 and the results indicate that F ratio is 0.910 for between years and 25.444 for between companies. There is no significant difference for between years at 5 percent level of significance as the calculated value is less than the table value (2.04) and for between companies there is a significant difference as the calculated value is greater than the table value (3.34) at 1 percent level of significance in the funded debt to total capitalization ratio. Hence, the hypothesis is accepted for between years and rejected for between companies.

CONCLUSION

The development of the Indian economy is closely linked to the performance of its sugar industry. Analyzing financial performance is crucial in the present globalized environment, as it enables firms to enhance

earnings and optimize retained earnings through effective financial management. Sound financial performance, cost control, and consistent quality are key determinants of success. The analysis shows that while year-wise variations are statistically insignificant, company-wise differences are notable across several financial indicators. Therefore, it is essential for management to adopt strategic measures that stabilize performance, strengthen financial structures, and ensure long-term sustainability in a competitive market.

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