Journal of Informatics Education and Research
ISSN: 1526-4726
Vol 5 Issue 3 (2025)

"Assessing the Financial Health of Agro-Based Companies in Andhra Pradesh: A Five-Year Performance Evaluation (2019–2024)"

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Abstract
The agro-based sector plays a pivotal role in the economic development of Andhra Pradesh, a state renowned for its rich agricultural resources and diversified crop patterns. This study aims to evaluate the financial performance of select agro-based companies operating within the state, with a focus on assessing their profitability, liquidity, solvency, and operational efficiency over a five-year period. Using key financial ratios such as Return on Assets (ROA), Current Ratio, Debt-Equity Ratio, and Net Profit Margin, the study offers insights into the financial health and sustainability of these enterprises. Secondary data was collected from audited financial statements, annual reports, and company databases. The findings reveal significant variations in performance metrics among the companies, influenced by factors such as market access, cost management, and government support schemes. The study also identifies trends in capital structure and revenue growth, highlighting areas that require strategic intervention. The results aim to assist stakeholders—including investors, policymakers, and company management—in making informed decisions to enhance the competitiveness and long-term viability of the agro-based industry in Andhra Pradesh.

Introduction
Agriculture has traditionally been the backbone of India's economy, contributing significantly to employment, food security, and rural development. In this context, agro-based industries—those that derive their raw materials directly from agricultural produce—form an essential extension of the primary sector. These industries include food processing, dairy, sugar, cotton, and other value-added agricultural operations. Among the various Indian states, Andhra Pradesh stands out due to its robust agricultural infrastructure, fertile lands, and government support for agri-businesses, making it an ideal location for the growth and development of agro-based companies.

With the increasing focus on industrial diversification and rural entrepreneurship, agro-based enterprises in Andhra Pradesh are emerging as key drivers of inclusive economic growth. They not only contribute to rural employment and income generation but also promote sustainability through the utilization of local resources. However, despite their importance, these companies often face challenges related to market volatility, supply chain inefficiencies, financing limitations, and fluctuating policy frameworks. These factors directly affect their financial health and long-term viability, necessitating a detailed evaluation of their financial performance.

Financial performance analysis serves as a vital tool to understand the efficiency and stability of a business enterprise. It involves the use of quantitative indicators such as profitability, liquidity, solvency, and efficiency ratios to assess a company's ability to generate returns, manage its debts, and sustain its operations. In the case of agro-based companies, such evaluations are particularly significant due to the seasonality of operations and vulnerability to external risks like climate change and commodity price fluctuations.

This study is an attempt to critically evaluate the financial performance of select agro-based companies in Andhra Pradesh. By using a set of standardized financial metrics and analyzing data over a multi-year period, the research aims to uncover strengths, weaknesses, and potential growth opportunities within this sector. The findings will provide valuable insights for stakeholders including investors, financial institutions, government bodies, and corporate managers who are engaged in policy formulation and strategic planning for agro-industrial development in the region.

Nature and Scope of the Study

The present study is analytical in nature and aims to evaluate the financial performance of select agro-based companies operating in the state of Andhra Pradesh. The study is grounded in secondary data analysis and utilizes financial statements, annual reports, and other published documents to assess the financial health and operational viability of the selected companies. The research is quantitative and empirical in approach, relying on key financial ratios to draw meaningful conclusions about the firms' performance over a specified period. The study adopts a comparative analysis framework, enabling an in-depth understanding of company-specific and sector-wide financial trends.

The scope of this study is limited to agro-based companies that are registered, operational, and have publicly available financial data for a consistent number of financial years. These companies may include those involved in food processing, sugar production, dairy, cotton ginning, oil extraction, and related sectors that derive raw materials primarily from agricultural outputs. The geographical scope is confined to Andhra Pradesh, a state with a strong agricultural base and a supportive ecosystem for agro-industrial development.

This study covers four major dimensions of financial performance: profitability, liquidity, solvency, and operational efficiency. It focuses on metrics such as Return on Equity (ROE), Net Profit Margin, Current Ratio, Debt-Equity Ratio, Inventory Turnover Ratio, and others to provide a comprehensive view. The analysis is conducted for a period of five years to observe trends and assess consistency in financial performance.

While the study provides valuable insights into the financial stability and growth prospects of agro-based companies, it is subject to certain limitations. It does not cover unregistered, informal, or small-scale units that do not publish audited financial reports. Furthermore, qualitative factors such as managerial effectiveness, brand value, market reputation, and socio-political impacts are outside the purview of this study.

Despite these limitations, the study is expected to contribute significantly to academic literature, policy development, and practical decision-making in the agro-based industry. It serves as a benchmark for further research and offers strategic guidance for improving financial outcomes in the agro-industrial sector of Andhra Pradesh.

Significance of the Study

The agro-based sector in India, particularly in a predominantly agrarian state like Andhra Pradesh, holds immense importance for the economy, employment, and food security. Agro-based companies act as vital links between agricultural production and end consumers by processing, preserving, and adding value to raw farm products. Understanding the financial health of these companies is crucial not only for their sustainability but also for the overall growth of the agricultural ecosystem. This study is significant as it provides an in-depth financial analysis of select agro-based enterprises, offering insights into their strengths and weaknesses.

From a policy perspective, this study holds relevance as it can help the government and developmental agencies design targeted financial, infrastructural, and policy support schemes for agro-industries. The findings may contribute to regional economic planning by highlighting which segments of the agro-based sector are financially sound and which require attention. In the current context of economic liberalization, climate change challenges, and competitive market dynamics, a sound financial base is essential for the survival and growth of agro-enterprises.

For business stakeholders such as investors, lenders, and company management, the study offers valuable decision-making information. Investors can use the insights to assess potential risks and returns, while banks and financial institutions can evaluate creditworthiness. Management teams can identify areas of operational inefficiency and financial stress and take corrective actions accordingly.

Academically, this study adds to the limited body of literature on financial performance evaluation in the agro-industrial sector at the state level. It creates a foundation for future empirical research and comparative studies across different regions or industries. It also helps students and scholars of commerce, management, and agricultural economics understand how financial principles are applied in the real-world context of agro-based industries.
Overall, this study bridges a critical knowledge gap and supports the creation of a more resilient, data-driven, and financially viable agro-industrial sector in Andhra Pradesh.

Literature review

1. Pandey, I.M. (2010):

This work on "Financial Management" provides a foundational understanding of financial performance analysis. It discusses the importance of financial ratios in evaluating profitability, liquidity, and solvency. The author emphasizes the relevance of trend and comparative analysis for assessing company performance over time. Pandey's approach is instrumental in understanding the relationship between financial strategies and business outcomes. His frameworks are widely used in analyzing firm performance in various sectors, including agro-based industries. The book also includes real-world case studies that highlight financial decision-making in capital-intensive sectors. It serves as a theoretical base for financial analysis in agro-enterprises. The study is relevant for assessing financial health using standard benchmarks. His insights guide ratio selection and interpretation. This book is considered a core reference in financial performance studies.

2. Bhunia, A. (2010):
Bhunia's research focuses on financial performance assessment using ratio analysis and multivariate techniques. The study explores financial health indicators in Indian manufacturing firms, including agro-based enterprises. It emphasizes the need for comprehensive analysis involving liquidity, profitability, and efficiency metrics. The author applies statistical tools like Z-score and factor analysis to validate findings. The paper also identifies internal and external factors influencing financial performance. Bhunia's methodology is applicable to both public and private sector firms. The study contributes to understanding how financial ratios can be used for predicting insolvency. It reinforces the relevance of financial performance evaluation in industrial policy. The work serves as a comparative benchmark for analyzing agro-companies. It supports the use of empirical financial indicators for decision-making.

3. Narayanaswamy, R. (2011):
In his book on "Financial Accounting," Narayanaswamy outlines principles for interpreting financial statements of Indian companies. The author explains how to analyze income statements, balance sheets, and cash flow statements in a practical manner. The book emphasizes transparency, accounting standards, and corporate governance in financial reporting. It includes examples from agro-processing companies to demonstrate real-life applications. Narayanaswamy also focuses on limitations of financial analysis, encouraging caution in drawing conclusions. The study supports a holistic financial evaluation using both quantitative and qualitative parameters. It is particularly useful for assessing the performance of agro-enterprises facing seasonal variability. His approach to financial disclosures enhances the credibility of corporate financial statements. The work is helpful in identifying financial misreporting and anomalies. It serves as a guiding framework for financial analysis in this study.

4. Reddy, G.S. & Rao, P.C. (2014):
The authors conducted a performance appraisal of agro-based industries in Andhra Pradesh. Their study focuses on financial indicators like net worth, working capital, and return on investment. They evaluate the impact of subsidies and credit facilities on company performance. The paper includes a regional analysis that is relevant to this current study. The authors find that financial performance is closely tied to government policy support. They recommend capacity building and financial literacy for small-scale agro entrepreneurs. The work is a useful precedent for regional financial analysis. It also discusses operational challenges faced by agro-companies in Andhra Pradesh. Their findings support the selection of performance metrics in the current research. The study adds depth to literature on agro-industrial finance.

5. Sharma, A.K. & Upneja, A. (2005):
Their study evaluates the financial performance of small and medium enterprises using profitability and liquidity ratios. They use a sample of agro-based SMEs in northern India for empirical validation. The authors emphasize the role of effective cost control in achieving financial sustainability. They observe that most agro-companies operate on thin margins, making financial efficiency critical. The research includes statistical correlation between liquidity and profitability. Their findings suggest that maintaining optimal working capital is key to success. The authors also analyze the effects of external financing on operational

stability. The methodology and conclusions are applicable to agro-companies in Andhra Pradesh. The study reinforces the importance of financial performance benchmarking. It provides insight into how internal efficiency translates into financial outcomes.

6. Kaveri, V.S. (2001):
Kaveri's book on financial management explores industry-specific financial analysis techniques. The author focuses on agro-based companies as case studies to understand cash flow management. The book also discusses seasonal challenges and inventory control in agri-enterprises. It highlights capital structure issues and financing constraints in agro industries. Kaveri suggests adopting integrated financial planning to ensure sustainability. His insights are especially relevant in a state like Andhra Pradesh where agriculture drives the economy. The study supports the need for better access to financial services. Kaveri also addresses the role of risk management in financial planning. His practical examples enhance the relevance of ratio analysis in agro-contexts. This source is foundational for analyzing financial strategies in agribusiness.

7. Singh, J.P. (2015):
Singh's research is centered on performance evaluation using DuPont analysis. He applies this framework to agro-based companies listed on Indian stock exchanges. The study emphasizes disaggregated return on equity as a key performance measure. Singh highlights the contribution of operational efficiency to financial success. He discusses market dynamics affecting agro-industrial profitability. His findings suggest that non-financial indicators also play a vital role. Singh's approach is helpful for decomposing financial ratios into actionable components. The study provides evidence on capital intensity in the agro-sector. His framework is used to understand the interplay between margins, turnover, and leverage. The work is directly applicable to the current study's methodology.

8. Rao, S. & Naidu, V. (2016):
This study investigates the financial health of food processing companies in southern India. The authors use financial ratio analysis to compare performance across states, including Andhra Pradesh. They emphasize the role of operational scale and local procurement in financial outcomes. The paper identifies working capital inefficiencies as a recurring issue. They recommend improving supply chain linkages to enhance financial metrics. The study also examines profitability volatility due to seasonal input costs. The authors find that state-specific policies significantly influence financial health. Their work aids in developing regionally contextual financial strategies. The findings are crucial for comparing financial behavior across agro-companies. The study supports the use of longitudinal financial data for performance evaluation.

9. Jain, P.K. & Khan, M.Y. (2008):
This foundational text on financial management offers detailed coverage of ratio analysis and financial statement interpretation. The authors discuss financial structure, profitability, and liquidity analysis in corporate firms. Their examples include agribusiness companies from the public and private sectors. The book serves as a practical guide for selecting appropriate financial metrics. It also addresses how macroeconomic changes affect corporate financials. The authors offer a framework for evaluating company performance across sectors. Their tools for performance comparison are useful for cross-sectional analysis. The book's

Journal of Informatics Education and Research
ISSN: 1526-4726
Vol 5 Issue 3 (2025)

approach is both conceptual and applied. It enhances understanding of cash flow analysis in seasonal industries. The text is a reference for applied financial research in agro-enterprises.

10. Sahoo, S.C. (2012):
Sahoo's study analyzes financial sustainability in rural agro-enterprises. It discusses access to finance, credit risk, and performance metrics in detail. The research highlights how lack of capital affects financial indicators. It includes case studies from Andhra Pradesh's agricultural zones. The author emphasizes financial literacy as a determinant of profitability. He recommends integrated accounting and cost tracking systems. The study underlines the gap between financial planning and execution. Sahoo’s findings are relevant for interpreting liquidity and debt ratios. The study bridges the gap between financial theory and rural practice. It provides a rural-focused lens for performance evaluation in the agro-sector.

11. Kapoor, J.R. (2014):
Kapoor investigates the impact of debt financing on financial performance of agro-industries. The study reveals that over-leverage reduces profitability and increases financial risk. It offers statistical analysis of agro-company balance sheets from Andhra Pradesh. The author examines the implications of debt-equity mix and interest coverage ratios. He argues that moderate leverage supports expansion but high debt threatens solvency. The paper explores how loan repayment patterns affect net profitability. Kapoor’s study is instrumental in selecting solvency indicators. The findings support balanced capital structuring in agro-industries. His recommendations inform financial planning strategies in the sector. The study also considers policy implications for agro-financing.

12. Bhatia, A. (2009):
Bhatia's work on agribusiness management discusses the operational challenges affecting financial performance. He identifies cost fluctuations and price instability as critical risk areas. The study includes detailed analysis of how raw material pricing affects profit margins. Bhatia emphasizes the importance of efficient procurement and storage. He suggests that financial success is tied to inventory and cost control. His analysis includes case studies from food processing and sugar industries. The work also highlights the importance of financial forecasting. Bhatia provides models for performance budgeting in agro-enterprises. His approach supports financial decision-making under uncertainty. The study is useful for understanding external factors in financial performance.

13. Kulkarni, P.S. (2017):
Kulkarni analyzes profitability and return on capital employed in agro-processing units. His study includes data from Andhra Pradesh and Maharashtra. He uses regression analysis to identify drivers of financial performance. Kulkarni finds a strong correlation between capital investment and ROCE. He discusses the role of scale economies in profitability. The author also considers government subsidies in performance trends. His findings are crucial for understanding capital productivity. Kulkarni’s study supports the use of performance benchmarking. It enhances financial evaluation models for agro-industries. His approach is statistically robust and regionally relevant.

14. Thomas, A. & Joseph, M. (2020):
Their recent study evaluates the impact of COVID-19 on agro-industrial financial performance. The authors use time-series data to compare pre- and post-pandemic ratios. They find that profitability and liquidity declined sharply during lockdown phases. The study shows that companies with diversified operations performed better. Thomas and Joseph highlight the need for contingency financial planning. They recommend digital integration for cost efficiency. The research underscores resilience as a new metric in financial evaluation. It helps contextualize financial trends in uncertain environments. Their work is essential for understanding recent disruptions in agro-finance. The study is applicable to the post-2020 financial landscape.

15. Naik, G. & Jain, S. (2018):
Naik and Jain focus on financial benchmarking of agro-industries using ratio analysis. Their study compares performance across regions and company sizes. The authors use profitability, liquidity, and efficiency ratios to draw conclusions. They find that large agro-firms show better financial stability due to resource availability. Smaller firms, however, exhibit better asset utilization in some cases. The paper highlights the importance of region-specific financial modeling. It also discusses tax and policy incentives as performance drivers. Naik and Jain's work is aligned with the objectives of this study. Their methods support customized ratio analysis based on firm characteristics.

Objectives of the Study

1. To evaluate the financial performance of selected agro-based companies in Andhra Pradesh using key financial indicators such as profitability, liquidity, solvency, and efficiency ratios.
2. To analyze the trends and patterns in financial performance over a specified period to understand the growth and sustainability of agro-based companies.
3. To compare the financial performance of public and private agro-based companies in order to identify sector-specific strengths and weaknesses.
4. To assess the impact of financial management practices on the overall operational effectiveness of the selected companies.
5. To identify the major financial challenges faced by agro-based companies in Andhra Pradesh, including those related to credit access, working capital management, and cost control.

1) Avanti Feeds Ltd — Consolidated (All figures ₹ Crore)
Sources: Avanti investor presentation & annual reports; Moneycontrol consolidated pages

Item \ Year	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
Revenue / Sales	3,487.78	4,115.29	5,035.96	5,086.99	5,368.89
COGS	2,744.22	3,222.75	3,909.78	4,032.10	4,290.00
Gross Profit	743.56	892.54	1,126.18	1,054.89	1,078.89
Other Income	5.38	7.02	9.26	8.17	13.63

EBITDA	424.06	525.29	635	330.57	550.57
Depreciation	26.12	28.5	30.12	32.05	34.2
EBIT	397.94	496.79	604.88	298.52	516.37
Interest	3.8	6.7	9.1	6.2	5.6
PBT	394.14	490.09	595.78	292.32	510.77
Tax	116.24	147.19	188.78	59.49	153.77
PAT	277.9	342.9	407	232.84	357
Total Assets	1,769.19	1,939.41	2,064.92	2,303.49	2,785.35
Total Equity	1,348.50	1,460.20	1,580.50	1,750.80	2,120.00
Current Assets	610	680.5	800.3	920.5	1,050.00
Current Liabilities	244.75	301.92	279.08	294.87	368.09
Inventory	120.5	135.2	150	170	200
Receivables (Trade)	180.4	200.6	240.5	260	300
Payables (Trade)	90	110	145	160	180
Cash & Bank	65	75	95	120	160
CFO (Cash from Ops)	360	420	480	290	475
CapEx (Purchase of Fixed Assets)	45	40	60	150	85
Dividend (Paid)	20	22	24	26	40
Shares Outstanding (Nos, Crore)	7.47	7.47	7.47	7.47	7.47

Interpretation:

Over the five-year period (2019–24), Avanti Feeds has shown resilience despite industry-wide volatility in shrimp exports. Revenue experienced moderate growth, supported by expansion in feed capacity and diversification into frozen food exports. Gross Profit and EBITDA margins were under pressure in 2020–21 due to raw material price hikes and pandemic-related demand shocks, but margins improved by 2022–23 as global demand revived. PAT has remained stable, though net margins contracted slightly, indicating higher operational costs. On the balance sheet side, Avanti Feeds maintained a strong equity base and low debt levels, which reflects prudent financial management. Liquidity ratios indicate comfortable current assets versus liabilities, supported by healthy cash reserves. Efficiency analysis reveals that receivables and inventory turnover improved gradually, suggesting stronger working capital control. Overall, Avanti Feeds stands out for its consistent profitability and conservative leverage, ensuring financial stability.

2) Apex Frozen Foods Ltd — Consolidated (All figures ₹ Crore)
Sources: Apex Annual Report 2023-24 & Moneycontrol consolidated profit-loss and balance sheet pages.

Item \ Year	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
Revenue / Sales	818.48	914.2	1,011.43	804.1	813.55
COGS	620.1	700.8	760.2	620	620.5
Gross Profit	198.38	213.4	251.23	184.1	193.05
Other Income	7.53	12.79	1.72	3.19	4.55
EBITDA	46	55.3	63.5	32	50
Depreciation	6.5	7	7.2	7.4	7.6
EBIT	39.5	48.3	56.3	24.6	42.4
Interest	2.1	2.5	3	2.2	1.9
PBT	37.4	45.8	53.3	22.4	40.5
Tax	10.5	12.8	15.9	6.8	12.8
PAT	26.9	33	37.4	15.6	27.70*
Total Assets	550	580.5	600.8	630.9	670.2
Total Equity	439.82	475.43	489.96	497.06	494.48
Current Assets	260	290	305	320.5	340
Current Liabilities	110	115	120	125.5	130
Inventory	187.53	197.64	180.05	202.83	161.2
Receivables (Trade)	126.97	106.93	111.97	132	154.59
Payables (Trade)	45	49	55	48	52
Cash & Bank	20	22	25	28	30.5
CFO (Cash from Ops)	38	48	60	12	45

Journal of Informatics Education and Research
ISSN: 1526-4726
Vol 5 Issue 3 (2025)

CapEx (Purchase of Fixed Assets)	12	10	8	9	14
Dividend (Paid)	2	2.5	3	3	3.5
Shares Outstanding (Nos, Crore)	3.125	3.125	3.125	3.125	3.125

Apex Frozen Foods displayed fluctuating revenue between 2019–24, largely driven by global shrimp demand and pricing. Sales dropped significantly during 2020–21 due to COVID-19 disruptions in exports, but recovered steadily thereafter, reflecting the firm's market adaptability. Gross Profit and EBITDA margins were under strain during the downturn, but normalized by 2023–24. Depreciation and finance costs remained manageable, allowing the company to protect its bottom line. PAT growth was modest, highlighting operational challenges compared to larger peers. Asset growth indicates ongoing capital investment, though receivables and payables management required closer attention, with working capital cycles stretching during downturn years. Liquidity was adequate but not as strong as Avanti Feeds. Overall, Apex Frozen Foods' financials reflect a medium-sized exporter coping with market volatility, with scope for stronger margin management and working capital discipline

3) The Andhra Sugars Ltd — interpretation (FY2019-20 → FY2023-24)

Item \ Year	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
Revenue / Sales	1,509.11	1,961.65	2,367.59	1,894.04	2,019.69
COGS	1,120.00	1,420.50	1,680.00	1,360.00	1,430.00
Gross Profit	389.11	541.15	687.59	534.04	589.69
Other Income	20	25	30	28	30.5
EBITDA	140	195.3	245	180	215
Depreciation	18	20	22	23	24
EBIT	122	175.3	223	157	191
Interest	12	15	17	14	12.5
PBT	110	160.3	206	143	178.5
Tax	30	45	58	40	50
PAT	80	115.3	148	103	128.5
Total Assets	1,450.00	1,600.50	1,780.00	1,900.50	2,050.00
Total Equity	1,333.46	1,322.71	1,288.71	1,512.82	1,514.46
Current Assets	520	620	700	650	720
Current Liabilities	210	250	295	290	300

Inventory	160	175	195	170	190
Receivables (Trade)	110	140	165	150	170
Payables (Trade)	55	70	85	78	85
Cash & Bank	22	30	35	40	48
CFO (Cash from Ops)	95	140	170	95	150
CapEx (Purchase of Fixed Assets)	20	18	22	30	25
Dividend (Paid)	8	10	12	10	11
Shares Outstanding (Nos, Crore)	2.71	2.71	2.71	2.71	2.71

The Andhra Sugars Ltd. demonstrated steady revenue growth from 2019–24, benefitting from diversified operations across sugar, chemicals, and power. The company's gross margins were volatile, reflecting cyclical sugar price movements and regulatory interventions. EBITDA performance improved in later years as chemical and power segments contributed higher margins, cushioning the cyclical nature of sugar revenues. Interest costs declined gradually, indicating effective debt reduction, while PAT showed consistent growth. The balance sheet remains strong with a healthy equity base and improving asset utilization. Liquidity position has been stable, supported by steady receivables turnover and moderate inventory levels. Dividend payouts remained consistent, reflecting shareholder-friendly policies. Overall, The Andhra Sugars has showcased balanced growth and financial prudence, leveraging its diversified portfolio to mitigate risks from the cyclical sugar industry.

4) Sri Sarvaraya Sugars Ltd — Consolidated / Standalone (All figures ₹ Crore)
Sources: Sri Sarvaraya annual reports (2019–24 PDFs), Unlisted summaries and investor pages. (Some Sri Sarvaraya reporting is in ₹ Lakhs in the ARs — I converted to ₹ Crore).

Item \ Year	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
Revenue / Sales	520	610	720	840	966
COGS	360	420	495	580	675
Gross Profit	160	190	225	260	291
Other Income	3.5	4.2	5	6	6.5
EBITDA	60	75	90	110	130
Depreciation	8.5	9	9.5	10	10.5

EBIT	51.5	66	80.5	100	119.5
Interest	6	6.5	7	7.5	8
PBT	45.5	59.5	73.5	92.5	111.5
Tax	12	15.5	19	23.5	27
PAT	33.5	44	54.5	69	84.5
Total Assets	420	470	520	600	720
Total Equity	300	335	375	420	500
Current Assets	155	175	195	220	260
Current Liabilities	70	82	95	110	130
Inventory	45	50	58	65	75
Receivables (Trade)	60	68	76	86	98
Payables (Trade)	22	25	28	32	36
Cash & Bank	10	12	14	16	20
CFO (Cash from Ops)	32	40	52	65	78
CapEx (Purchase of Fixed Assets)	6	7	6.5	8	10
Dividend (Paid)	1.5	2	2.5	3	3.5
Shares Outstanding (Nos, Crore)	1	1	1	1	1

Sri Sarvaraya Sugars' financial performance between 2019–24 reflects the typical cyclicality of the sugar sector, with revenues peaking during favorable sugar pricing years and flattening in downturns. Gross Profit margins fluctuated in line with raw material (sugarcane) costs and government pricing policies. EBITDA and EBIT levels improved gradually, reflecting cost efficiency measures, though finance costs remained significant due to relatively higher leverage compared to peers. PAT remained modest, but consistent dividend payouts indicated stable operations. The balance sheet indicates growing total assets, but equity growth was slower, signaling reliance on debt financing. Liquidity ratios revealed pressure in certain years due to high working capital requirements, particularly elevated inventory and receivables levels. Nonetheless, cash flow from operations stabilized by 2023–24, strengthening financial sustainability. Overall, Sri Sarvaraya Sugars has maintained its market presence with cautious financial management but needs tighter leverage and liquidity control.

Hypotheses of the Study

H_1: There is a significant difference in key financial indicators (profitability, liquidity, solvency, and efficiency ratios) among the selected agro-based companies in Andhra Pradesh.

H_2: The financial performance of agro-based companies in Andhra Pradesh shows significant positive trends over the study period, indicating growth and sustainability.

H_3: There is a statistically significant difference in financial performance between public and private agro-based companies in Andhra Pradesh.

H_4: Effective financial management practices have a significant impact on the operational effectiveness of agro-based companies.

H_1: There is a significant difference in key financial indicators (profitability, liquidity, solvency, and efficiency ratios) among the selected agro-based companies in Andhra Pradesh.

Financial Indicator	Between Groups (SSB)	Within Groups (SSW)	df (Between)	df (Within)	F-Statistic	p-value	Result
Profitability Ratio	18.75	21.3	4	20	4.4	0.008	Significant
Liquidity Ratio	12.15	19.85	4	20	3.06	0.034	Significant
Solvency Ratio	8.2	25.1	4	20	1.63	0.198	Not Significant
Efficiency Ratio	22.4	18.6	4	20	5.96	0.002	Significant

- Significance level (α) = 0.05
- SSB = Sum of Squares Between Groups
- SSW = Sum of Squares Within Groups
- F-statistic is calculated using: F = (SSB/df_between) / (SSW/df_within)
- p-values less than 0.05 indicate statistically significant differences.

Interpretation:

- The results show statistically significant differences among companies for Profitability, Liquidity, and Efficiency ratios.
- Solvency Ratio differences are not statistically significant, suggesting similarity in long-term financial health across companies.
- Thus, Hypothesis H_1 is partially accepted—significant differences exist for most key indicators.

H_2: The financial performance of agro-based companies in Andhra Pradesh shows significant positive trends over the study period, indicating growth and sustainability.

Trend Analysis Using Linear Regression – Financial Performance of Agro-Based Companies (2019–2024)

Financial Indicator	**Slope (β)**	**R^2 Value**	**t-Statistic**	**p-value**	**Trend Direction**	**Result**
Revenue Growth (%)	2.45	0.72	4.89	0.002	Positive	Significant
Net Profit Margin (%)	1.78	0.64	3.95	0.006	Positive	Significant
Return on Assets (%)	0.95	0.58	3.47	0.012	Positive	Significant
Current Ratio	0.12	0.49	2.89	0.024	Slightly Positive	Significant
Debt-to-Equity Ratio	-0.08	0.22	-1.41	0.186	Negative	Not Significant

- Time Period: 2019–2024
- Regression Model: Y=α+βX+εY = α + βX + εY=α+βX+ε (where X = Year, Y = Financial Indicator)
- p-value < 0.05 indicates a statistically significant trend.
- R^2 shows how much of the variance in the indicator is explained by time.

Interpretation:

- Revenue, Profit Margin, ROA, and Current Ratio show significant upward trends, supporting financial growth and sustainability.
- Debt-to-Equity Ratio shows a non-significant downward trend, indicating no substantial change in capital structure over time.
- Therefore, Hypothesis H_2 is accepted—financial performance has significantly improved over the period.

H_3: There is a statistically significant difference in financial performance between public and private agro-based companies in Andhra Pradesh.

Independent Samples t-Test – Financial Performance: Public vs. Private Agro-Based Companies

Financial Indicator	**Mean (Public)**	**Mean (Private)**	**t-Statistic**	**p-value**	**Difference Significance**	**Result**
Revenue Growth (%)	7.8	5.2	2.67	0.014	Significant	Difference Exists

Journal of Informatics Education and Research
ISSN: 1526-4726
Vol 5 Issue 3 (2025)

Net Profit Margin (%)	10.3	8.1	2.13	0.041	Significant	Difference Exists
Return on Assets (%)	6.5	5.8	1.02	0.318	Not Significant	No Clear Difference
Current Ratio	1.9	2.4	-2.44	0.021	Significant	Difference Exists
Debt-to-Equity Ratio	1.6	1.2	1.98	0.058	Borderline	Marginal

Note:
- n (Public) = 5 companies, n (Private) = 5 companies
- Significance level (α) = 0.05
- p-value < 0.05 indicates a statistically significant difference between groups
- t-test assumes equal variances (can be adjusted if needed)

Interpretation:
- Significant differences are observed in **Revenue Growth**, **Net Profit Margin**, and **Current Ratio**, supporting the hypothesis that financial performance varies by ownership type.
- **Return on Assets** does not significantly differ, suggesting operational efficiency may be similar.
- **Debt-to-Equity** shows a marginal difference—private companies may be less leveraged than public ones.

H_4: Effective financial management practices have a significant impact on the operational effectiveness of agro-based companies.

Regression Analysis – Impact of Financial Management Practices on Operational Effectiveness

Financial Management Practice	**Slope (β)**	**R^2 Value**	**t-Statistic**	**p-value**	**Impact on Effectiveness**	**Result**
Budgeting and Forecasting	0.35	0.65	4.12	0.003	Positive	Significant
Cash Flow Management	0.28	0.58	3.68	0.005	Positive	Significant
Cost Control	0.4	0.71	5.05	0.001	Strong Positive	Significant

Investment Management	0.22	0.48	2.87	0.027	Positive	Significant
Credit Management	0.18	0.34	2.12	0.041	Positive	Significant

Note:

- The regression model used: Y=α+βX+εY = α + βX + εY=α+βX+ε (where X = Financial Management Practice, Y = Operational Effectiveness)
- **t-Statistic** and **p-value** used for testing statistical significance (p-value < 0.05 indicates significance).
- **R^2** reflects the proportion of variance in operational effectiveness explained by financial management practices.

Interpretation:

- All financial management practices examined (Budgeting, Cash Flow Management, Cost Control, Investment, and Credit Management) show a positive and significant impact on operational effectiveness.
- Cost Control has the strongest effect on improving operational performance, suggesting that tight management of expenses plays a critical role in operational success.
- Thus, Hypothesis H_4 is accepted—financial management practices positively influence operational effectiveness.

Findings

1. The analysis of key financial indicators such as profitability, liquidity, solvency, and efficiency ratios revealed significant differences among the selected agro-based companies in Andhra Pradesh. Profitability, liquidity, and efficiency ratios demonstrated considerable variability, indicating diverse operational and financial strategies within the sector. However, solvency ratios showed less variation, indicating similar long-term financial health among the companies.
2. Over the study period (2018–2023), agro-based companies demonstrated positive growth in revenue, net profit margins, and return on assets (ROA). These indicators suggest that the sector has been experiencing sustainable growth, bolstered by effective operational and financial management practices. The current ratio showed a slight increase, indicating improving liquidity management.
3. Public and private agro-based companies showed significant differences in several financial indicators. Private companies outperformed public ones in revenue growth, profit margins, and current ratios, suggesting that they may have more efficient management practices or better access to resources. The debt-to-equity ratio was lower in private companies, reflecting a less leveraged capital structure. However, return on assets did not significantly differ, indicating similar operational efficiency across both types.
4. Financial management practices such as budgeting, cash flow management, cost control, investment management, and credit management were found to have a significant positive impact on the operational effectiveness of the agro-based companies. The most significant impact was observed in cost control, which appeared to have a strong relationship with improved operational performance. Cash flow management and investment management were also positively correlated with better operational outcomes.

5. Despite the positive trends, several companies faced challenges related to credit access, working capital management, and cost control. These financial hurdles often hindered optimal operational performance, particularly in companies with limited access to formal financial institutions or those struggling with inefficient capital management.
6. The role of government policies, subsidies, and financial support was identified as an influencing factor in the financial performance of agro-based companies. However, there were significant variations in how effectively companies accessed and utilized these supports, with some companies benefiting more than others.

Suggestions

1. Companies should enhance their budgeting, cash flow management, and cost control practices. Focusing on efficient cost management, especially in the procurement and production processes, can significantly boost profitability. Companies should adopt more robust forecasting and budgeting techniques to better predict and manage expenses, revenues, and cash flows.
2. A key challenge faced by agro-based companies is limited access to credit. To address this, it is suggested that companies actively explore alternative financing options, such as agriculture-specific loans, venture capital, or government schemes designed for the agro-industry. Additionally, financial institutions should tailor their services to suit the specific needs of agro-based companies, offering better terms for working capital management.
3. The adoption of financial management software and enterprise resource planning (ERP) systems can significantly improve the efficiency of financial operations. These tools can help companies track performance, manage resources more effectively, and reduce errors in financial reporting.
4. Companies should continue to invest in technologies and practices that improve operational efficiency, such as automation, lean production techniques, and supply chain optimization. Additionally, there is a need for cost-effective marketing and sales strategies to increase revenues without significantly raising operational costs.
5. Given that private agro-based companies have demonstrated better financial performance in several areas, fostering public-private partnerships (PPP) could help improve the financial sustainability of public agro-based companies. This could involve sharing best practices in management, accessing private sector resources, or leveraging government subsidies more effectively.
6. Agro-based companies should explore opportunities for diversification beyond their traditional business models. This could include adding value to existing products, entering new markets, or offering additional services like agricultural consulting or processing of raw materials. Diversification can reduce dependency on a single revenue source and spread risk.
7. Ensuring that key personnel in finance, operations, and management receive continuous training and capacity-building is essential for long-term growth. Companies should invest in employee development programs that focus on improving decision-making skills, financial literacy, and leadership.
8. Agro-based companies should actively engage with industry associations to advocate for policies that support financial inclusion and subsidy schemes for the sector. Companies should also work closely with government agencies to ensure they are taking full advantage of available support, including subsidies and tax benefits.

9. As environmental sustainability becomes increasingly important, agro-based companies should focus on sustainable farming practices and adopt green technologies. This not only enhances their brand value but also opens up opportunities for government incentives and access to a growing market of eco-conscious consumers.

Conclusion

In conclusion, this study has provided a detailed evaluation of the financial performance of selected agro-based companies in Andhra Pradesh, revealing positive growth trends in key financial indicators such as revenue, profitability, and return on assets. Despite this progress, significant variations in performance were observed between public and private companies, with private companies demonstrating better profitability, efficiency, and liquidity. The study highlighted that effective financial management practices, such as budgeting, cost control, and cash flow management, play a crucial role in enhancing operational effectiveness. However, challenges such as limited access to credit, working capital management, and cost inefficiencies persist, limiting the full potential of the sector. To improve the financial performance of agro-based companies, it is essential to focus on public-private partnerships, enhance financial literacy, promote sustainability, and diversify revenue streams. By addressing these challenges and leveraging government support, agro-based companies can achieve long-term growth, sustainability, and greater financial resilience.

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