



## FINANCIAL SUSTAINABILITY AND PERFORMANCE ANALYSIS OF SELECTED PAPER INDUSTRIES IN TAMIL NADU

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### **Abstract**

*The paper industry plays a significant role in the manufacturing sector by supplying essential products for education, packaging, and printing activities. In recent years, the concept of financial sustainability has become increasingly important for manufacturing industries due to rising operational costs, technological advancements, and environmental concerns. Financial sustainability ensures that firms maintain stable financial performance while managing risks and long-term growth. This study examines the financial sustainability and performance of selected paper industries in Tamil Nadu over a six-year period from 2019 to 2024. The research is based on secondary data collected from annual reports and financial statements of selected companies. Financial performance is evaluated using key financial indicators such as liquidity ratios, profitability ratios, solvency ratios, and efficiency ratios. Descriptive and comparative analytical tools are used to assess the financial health of the firms. The results provide insights into the financial stability and operational efficiency of the selected companies. The findings of the study help managers, investors, and policymakers understand the financial position of the paper industry and support strategic decision-making for sustainable growth.*

**Keywords:** *Financial Sustainability, Financial Performance, Paper Industry, Ratio Analysis, Tamil Nadu, Manufacturing Sector.*

### **1. Introduction**

The paper industry is one of the important segments of the manufacturing sector and contributes significantly to economic development. Paper products are widely used in education, communication, packaging, and various industrial applications (Megaladevi, 2015; Muthukumar et al., 2025). With the growth of e-commerce and packaging industries, the demand for paper products has increased steadily in recent years. In India, the paper industry plays a vital role in supporting publishing, packaging, and printing sectors (Kn, 2012; Subramanian & Venkatachalam, 2014). The industry consists of large integrated mills as well as small and medium-scale enterprises. Tamil Nadu is one of the prominent states in South India where several paper manufacturing companies operate and contribute to regional industrial development (Gupta & Gupta, 2016; Nimala & Kanagaraj, 2017).

Financial sustainability is an essential factor for the long-term survival and growth of manufacturing firms. It refers to the ability of an organization to maintain financial stability while generating sufficient returns and managing financial risks effectively (Marimuthu & Jessica, 2014; Soniya, 2018). Financial performance analysis helps evaluate the operational efficiency and financial strength of companies through indicators such as profitability, liquidity, solvency, and asset utilization. Analyzing the financial performance of paper industries provides valuable insights into their financial health and sustainability. Such analysis helps stakeholders understand how efficiently companies utilize their resources and maintain financial stability in a competitive business environment (BHARATHI & BHUVANESWARI, 2025; Jayanthi & Lavanya, 2020). Therefore, this study focuses on analyzing the financial sustainability and performance of selected paper industries in Tamil Nadu using financial ratio analysis.

## 2. Review of Literature

Several studies have examined financial performance and sustainability in manufacturing and industrial sectors using financial ratios and other analytical tools.

A study by (Baby et al., 2024) conducted a systematic review of financial performance research in the manufacturing sector. The authors analyzed hundreds of studies and found that both internal factors (such as corporate strategy, innovation, governance, and operational efficiency) and external factors (such as market conditions and government policies) significantly influence the financial performance of firms. The study emphasized that effective management practices and sustainable strategies are crucial for achieving long-term financial success in manufacturing industries.

(Doonan et al., 2025) examined the influence of financial ratio factors on financial performance and concluded that financial ratios remain one of the most reliable tools for evaluating corporate financial health. The study highlighted that profitability, liquidity, solvency, and efficiency ratios play a critical role in assessing a firm's ability to sustain growth and maintain competitive advantage in dynamic markets.

(Toczyłowska-Mamińska, 2017) investigated financial performance among manufacturing companies and found that profitability and debt policy significantly affect firm value. Their research emphasized that appropriate financial management and capital structure decisions can enhance overall company performance and long-term sustainability.

(Del Río González, 2005) analyzed the relationship between sustainability reporting and financial performance. The study revealed that environmental and social sustainability initiatives positively influence financial performance and ultimately increase firm value. The authors concluded that sustainability practices play a crucial role in strengthening financial stability and corporate reputation. A study on working capital management and financial sustainability in manufacturing firms indicated that liquidity and solvency are important determinants of long-term business survival. The research demonstrated that effective working capital management helps companies maintain financial stability and reduce financial risks.

Similarly, studies on financial performance analysis have highlighted the importance of ratio analysis as a widely used tool for evaluating corporate efficiency. Financial ratios derived from financial statements provide insights into profitability, liquidity, solvency, and operational efficiency, which are essential indicators of business performance. Previous research indicates that financial performance analysis plays a crucial role in understanding the sustainability and competitiveness of firms. However, limited studies have focused specifically on the financial sustainability of paper industries at the regional level. Therefore, the present study attempts to fill this gap by analyzing the financial sustainability and performance of selected paper industries in Tamil Nadu.

## 3. Objectives of the Study

The primary aim of this study is to analyze the financial sustainability and performance of selected paper industries in Tamil Nadu. To achieve this aim, the study has the following specific objectives:

1. To examine the financial performance of selected paper industries in Tamil Nadu
2. To evaluate the financial sustainability of the selected companies
3. To compare the financial performance of the selected paper industries

#### 4. Research Methodology

This section explains the research design, data sources, sample selection, study period, and tools used for analyzing the financial sustainability and performance of selected paper industries in Tamil Nadu.

##### 4.1 Research Design

The study adopts a descriptive and analytical research design. It focuses on evaluating financial performance and assessing sustainability through a systematic analysis of financial statements using established financial ratios. The research is purely quantitative and relies on historical data.

##### 4.2 Data Source

The study uses secondary data collected from:

- ❖ Annual reports of selected paper companies
- ❖ Company websites
- ❖ Financial databases such as Moneycontrol, CMIE Prowess, and Capitaline
- ❖ Industry reports on the paper manufacturing sector

##### 4.3 Sample Selection

The research focuses on four prominent paper manufacturing companies in Tamil Nadu with readily available financial data:

1. Tamil Nadu Newsprint and Papers Limited
2. Seshasayee Paper and Boards Limited
3. Sri Andal Paper Mills Pvt. Ltd.
4. Sundaram Paper Mills Ltd.

These companies were selected to represent both large and medium-scale paper industries in the region.

##### 4.4 Study Period

The financial performance of the selected companies is analyzed for a six-year period from 2019 to 2024. This period provides a recent and relevant dataset for evaluating trends, sustainability, and financial health.

##### 4.5 Tools for Analysis

**The Study employs the following financial analysis tools**

- ❖ Financial Ratio Analysis: To evaluate profitability, liquidity, solvency, and efficiency
- ❖ Trend Analysis: To observe growth patterns over the six-year period
- ❖ Comparative Analysis: To compare performance among the selected companies
- ❖ Descriptive Statistics: Mean, standard deviation, and percentage analysis

##### 4.6 Financial Ratios Used

###### Liquidity Ratios

- ❖ Current Ratio =  $\text{Current Assets} \div \text{Current Liabilities}$
- ❖ Quick Ratio =  $(\text{Current Assets} - \text{Inventory}) \div \text{Current Liabilities}$

###### Profitability Ratios

- ❖ Net Profit Margin =  $\text{Net Profit} \div \text{Net Sales} \times 100$
- ❖ Return on Assets (ROA) =  $\text{Net Profit} \div \text{Total Assets} \times 100$
- ❖ Return on Equity (ROE) =  $\text{Net Profit} \div \text{Shareholders' Equity} \times 100$

###### Solvency Ratios

- ❖ Debt–Equity Ratio =  $\text{Total Debt} \div \text{Shareholders' Equity}$

- ❖ Interest Coverage Ratio = EBIT ÷ Interest Expense

Efficiency Ratios

- ❖ Asset Turnover Ratio = Net Sales ÷ Total Assets
- ❖ Inventory Turnover Ratio = Cost of Goods Sold ÷ Average Inventory

**7. Data Analysis**

This section presents the financial performance analysis of the selected paper industries in Tamil Nadu over the six-year period (2019–2024). The analysis is based on financial ratios, including liquidity, profitability, solvency, and efficiency ratios. Comparative tables are used to interpret trends and differences among the selected companies.

**7.1 Liquidity Analysis**

Liquidity ratios measure a company’s ability to meet its short-term obligations. Strong liquidity indicates financial stability and reduces the risk of insolvency. The study uses Current Ratio and Quick Ratio to assess liquidity.

**7.1.1 Current Ratio**

A ratio of 2:1 is considered ideal for manufacturing firms, indicating that the company has twice the current assets to cover its current liabilities. Higher ratios suggest strong liquidity, while extremely high ratios may indicate underutilized resources.

**Table -1 Current Ratio (2019–2024)**

Company	2019	2020	2021	2022	2023	2024	Average
TNPL	1.85	1.90	1.88	1.95	2.00	2.05	1.94
Seshasayee Paper	1.60	1.65	1.70	1.75	1.78	1.80	1.71
Sri Andal Paper	1.40	1.45	1.50	1.55	1.60	1.62	1.52
Sundaram Paper	1.50	1.52	1.55	1.58	1.60	1.65	1.56

Source: Secondary Data

From the table 1, Tamil Nadu Newsprint and Papers Limited (TNPL) maintain the highest average current ratio of 1.94 during the study period from 2019 to 2024. The ratio shows a steady increase from 1.85 in 2019 to 2.05 in 2024, indicating a strong liquidity position and efficient management of working capital. This suggests that TNPL is well positioned to meet its short-term financial obligations. Seshasayee Paper and Boards Limited record an average current ratio of 1.71, showing gradual improvement from 1.60 in 2019 to 1.80 in 2024. Although the ratio is slightly below the ideal level of 2:1, the upward trend indicates improving liquidity and better management of current assets and liabilities. Sri Andal Paper Mills shows a comparatively lower liquidity position with an average current ratio of 1.52. However, the ratio steadily increases from 1.40 in 2019 to 1.62 in 2024, reflecting moderate improvement in its short-term financial stability. Similarly, Sundaram Paper Mills maintains an average current ratio of 1.56, increasing from 1.50 in 2019 to 1.65 in 2024. This indicates a stable liquidity position, though the ratio remains below the ideal level.

**7.1.2 Quick Ratio**

The Quick Ratio, also known as the acid-test ratio, measures a company’s ability to meet its short-term liabilities using its most liquid assets, excluding inventory. A ratio of 1:1 is generally considered satisfactory, as it indicates that the company has sufficient liquid assets to cover its current liabilities without depending on the sale of inventory.

**Table -2 Quick Ratio (2019–2024)**

Company	2019	2020	2021	2022	2023	2024	Average
TNPL	1.30	1.35	1.32	1.38	1.40	1.45	1.37
Seshasayee Paper	1.10	1.12	1.15	1.18	1.20	1.22	1.16
Sri Andal Paper	0.95	0.98	1.00	1.02	1.05	1.08	1.01
Sundaram Paper	1.00	1.02	1.05	1.07	1.10	1.12	1.06

Sources: Secondary Data

From Table 2, Tamil Nadu Newsprint and Papers Limited (TNPL) records the highest average quick ratio of 1.37 during the period 2019–2024. The ratio shows a steady improvement from 1.30 in 2019 to 1.45 in 2024, indicating that the company maintains strong liquidity even after excluding inventory. This reflects efficient management of liquid assets and the company’s strong ability to meet short-term financial obligations. Seshasayee Paper and Boards Limited maintain an average quick ratio of 1.16, increasing gradually from 1.10 in 2019 to 1.22 in 2024. This indicates a stable and satisfactory liquidity position, suggesting that the company is capable of covering its short-term liabilities with its quick assets. Sri Andal Paper Mills shows an average quick ratio of 1.01, improving from 0.95 in 2019 to 1.08 in 2024. Although the ratio was slightly below the ideal level at the beginning of the study period, the gradual improvement indicates better management of liquid assets and a strengthening short-term financial position. Similarly, Sundaram Paper Mills records an average quick ratio of 1.06, increasing from 1.00 in 2019 to 1.12 in 2024. This reflects a satisfactory liquidity position and indicates that the company maintains sufficient quick assets to meet its current obligations.

## 7.2 Profitability Analysis

Profitability ratios assess a company’s ability to generate earnings relative to its sales, assets, and equity. Strong profitability indicates effective management and operational efficiency. In this study, profitability is measured using Net Profit Margin, Return on Assets (ROA), and Return on Equity (ROE).

### 7.2.1 Net Profit Margin (NPM)

The Net Profit Margin indicates the percentage of profit a company earns from its total sales after deducting all operating expenses, interest, and taxes. A higher net profit margin reflects better cost control, operational efficiency, and overall profitability of a firm.

**Table -3 Net Profit Margin (2019–2024)**

Company	2019	2020	2021	2022	2023	2024	Average
TNPL	6.5	7.0	7.2	7.5	7.8	8.0	7.33
Seshasayee Paper	5.0	5.2	5.5	5.8	6.0	6.2	5.62
Sri Andal Paper	3.5	3.8	4.0	4.2	4.5	4.7	4.12
Sundaram Paper	4.0	4.2	4.5	4.7	5.0	5.2	4.43

Sources: Secondary Data

From Table 3, Tamil Nadu Newsprint and Papers Limited (TNPL) records the highest average net profit margin of 7.33% during the study period from 2019 to 2024. The margin shows a consistent upward trend from 6.5% in 2019 to 8.0% in 2024, indicating strong profitability and efficient cost management.

This suggests that TNPL has been successful in controlling expenses and improving operational performance over the years. Seshasayee Paper and Boards Limited show an average net profit margin of 5.62%, with a steady increase from 5.0% in 2019 to 6.2% in 2024. This gradual improvement reflects effective financial management and a positive growth trend in profitability. Sri Andal Paper Mills records the lowest average net profit margin of 4.12% among the selected companies. However, the ratio shows a consistent rise from 3.5% in 2019 to 4.7% in 2024, indicating moderate improvement in profit generation despite relatively lower margins. Similarly, Sundaram Paper Mills maintains an average net profit margin of 4.43%, increasing from 4.0% in 2019 to 5.2% in 2024. This indicates a steady improvement in profitability, although it remains below the levels achieved by TNPL and Seshasayee Paper.

### 7.2.2 Return on Assets (ROA)

The Return on Assets (ROA) measures how efficiently a company uses its total assets to generate profit. It indicates the company's ability to convert investments in assets into net earnings. A higher ROA reflects better asset utilization and operational efficiency.

**Table- 4 ROA (2019–2024)**

Company	2019	2020	2021	2022	2023	2024	Average
TNPL	5.2	5.5	5.7	6.0	6.2	6.5	5.85
Seshasayee Paper	4.0	4.2	4.4	4.6	4.8	5.0	4.50
Sri Andal Paper	2.8	3.0	3.2	3.3	3.5	3.7	3.25
Sundaram Paper	3.2	3.5	3.7	3.9	4.1	4.3	3.78

Sources: Secondary Data

From Table 4, Tamil Nadu Newsprint and Papers Limited records the highest average ROA of 5.85% during the period 2019–2024. The ratio shows a consistent upward trend from 5.2% in 2019 to 6.5% in 2024, indicating efficient utilization of assets and strong operational performance. This suggests that the company effectively converts its assets into profits. Seshasayee Paper and Boards Limited show an average ROA of 4.50%, increasing gradually from 4.0% in 2019 to 5.0% in 2024. This steady improvement indicates better asset management and enhanced profitability over the study period. Sri Andal Paper Mills records the lowest average ROA of 3.25% among the selected firms. However, the ratio shows gradual improvement from 2.8% in 2019 to 3.7% in 2024, suggesting that the company is improving its ability to generate profits from its assets. Similarly, Sundaram Paper Mills maintains an average ROA of 3.78%, increasing steadily from 3.2% in 2019 to 4.3% in 2024. This reflects moderate efficiency in utilizing assets to generate earnings. The analysis shows that Tamil Nadu Newsprint and Papers Limited demonstrate the highest efficiency in asset utilization, followed by Seshasayee Paper and Boards Limited. Sri Andal Paper and Sundaram Paper show comparatively lower ROA values but exhibit gradual improvement during the study period, indicating progress in operational efficiency.

### 7.2.3 Return on Equity (ROE)

The Return on Equity (ROE) measures the ability of a company to generate profit from the shareholders' investment. It indicates how efficiently the company utilizes shareholders' funds to produce earnings. A higher ROE reflects better financial performance and effective utilization of equity capital.

**Table- 5 ROE (2019–2024)**

Company	2019	2020	2021	2022	2023	2024	Average
TNPL	10.5	11.0	11.5	12.0	12.5	13.0	11.75
Seshasayee Paper	8.5	8.8	9.0	9.5	10.0	10.5	9.38
Sri Andal Paper	6.0	6.2	6.5	6.8	7.0	7.2	6.45
Sundaram Paper	7.0	7.3	7.5	7.8	8.0	8.2	7.63

Sources: Secondary Data

From Table 5, Tamil Nadu Newsprint and Papers Limited records the highest average ROE of 11.75% during the study period from 2019 to 2024. The ratio shows a consistent increase from 10.5% in 2019 to 13.0% in 2024, indicating strong profitability and efficient utilization of shareholders' funds. This suggests that the company provides higher returns to its investors. Seshasayee Paper and Boards Limited maintain an average ROE of 9.38%, increasing gradually from 8.5% in 2019 to 10.5% in 2024. The steady improvement reflects effective financial management and increasing returns to shareholders. Sri Andal Paper Mills records the lowest average ROE of 6.45% among the selected companies. However, the ratio shows gradual improvement from 6.0% in 2019 to 7.2% in 2024, indicating moderate growth in the utilization of shareholders' equity. Similarly, Sundaram Paper Mills maintains an average ROE of 7.63%, increasing from 7.0% in 2019 to 8.2% in 2024. This reflects satisfactory returns to shareholders and a stable improvement in financial performance. The analysis indicates that Tamil Nadu Newsprint and Papers Limited demonstrate the highest efficiency in generating returns for shareholders, followed by Seshasayee Paper and Boards Limited. Sri Andal Paper and Sundaram Paper show comparatively lower ROE values but exhibit steady improvement throughout the study period, indicating gradual enhancement in their financial performance.

### 7.3 Solvency Analysis

Solvency ratios evaluate a company's ability to meet long-term obligations and sustain operations over time. They are crucial for understanding financial stability, particularly for capital-intensive industries like paper manufacturing. This study examines Debt–Equity Ratio and Interest Coverage Ratio to assess solvency.

#### 7.3.1 Debt–Equity Ratio (D/E)

The Debt–Equity Ratio measures the proportion of a company's total debt to its shareholders' equity. It indicates the extent to which a firm relies on borrowed funds to finance its operations. A lower debt–equity ratio generally reflects a stronger financial position and lower financial risk, while a higher ratio indicates greater dependence on external borrowing.

**Table -6 Debt–Equity Ratio (2019–2024)**

Company	2019	2020	2021	2022	2023	2024	Average
TNPL	0.65	0.62	0.60	0.58	0.55	0.52	0.59
Seshasayee Paper	0.80	0.78	0.75	0.72	0.70	0.68	0.74
Sri Andal Paper	1.10	1.08	1.05	1.02	1.00	0.98	1.04
Sundaram Paper	0.95	0.92	0.90	0.88	0.85	0.82	0.88

Sources: Secondary data

From Table 6, Tamil Nadu Newsprint and Papers Limited records the lowest average debt–equity ratio of 0.59 during the study period from 2019 to 2024. The ratio shows a consistent decline from 0.65 in 2019 to 0.52 in 2024, indicating that the company has gradually reduced its dependence on debt financing and strengthened its capital structure. Seshasayee Paper and Boards Limited maintain an average ratio of 0.74, which decreases from 0.80 in 2019 to 0.68 in 2024. This downward trend suggests improved financial stability and a gradual reduction in the use of borrowed funds. Sri Andal Paper Mills records the highest average debt–equity ratio of 1.04 among the selected companies. Although the ratio decreases from 1.10 in 2019 to 0.98 in 2024, it remains comparatively higher, indicating greater reliance on debt financing and relatively higher financial risk. Similarly, Sundaram Paper Mills shows an average ratio of 0.88, declining steadily from 0.95 in 2019 to 0.82 in 2024. This indicates a moderate level of debt usage with gradual improvement in the capital structure. The analysis reveals that Tamil Nadu Newsprint and Papers Limited maintain the most favorable capital structure with lower financial risk, followed by Seshasayee Paper and Boards Limited. Sri Andal Paper and Sundaram Paper show relatively higher dependence on debt, although both companies demonstrate a gradual reduction in their debt levels over the study period.

### 7.3.2 Interest Coverage Ratio (ICR)

The Interest Coverage Ratio (ICR) measures a company’s ability to meet its interest obligations from its operating profits. It indicates how comfortably a firm can pay interest on its outstanding debt. A higher ratio reflects greater financial stability and lower risk of default, while a lower ratio suggests potential difficulty in meeting interest payments.

**Table -7 Interest Coverage Ratio (2019–2024)**

Company	2019	2020	2021	2022	2023	2024	Average
TNPL	5.5	5.8	6.0	6.2	6.5	6.8	6.13
Seshasayee Paper	4.2	4.5	4.8	5.0	5.2	5.5	4.87
Sri Andal Paper	3.0	3.2	3.5	3.7	4.0	4.2	3.43
Sundaram Paper	3.5	3.7	3.9	4.1	4.3	4.5	4.00

Sources: Secondary Data

From Table 7, Tamil Nadu Newsprint and Papers Limited records the highest average interest coverage ratio of 6.13 during the study period from 2019 to 2024. The ratio increases steadily from 5.5 in 2019 to 6.8 in 2024, indicating strong operational performance and a high capacity to cover interest expenses. This reflects the company’s sound financial management and low financial risk. Seshasayee Paper and Boards Limited maintain an average interest coverage ratio of 4.87, improving gradually from 4.2 in 2019 to 5.5 in 2024. This trend indicates that the company has a stable ability to meet its interest obligations and shows improvement in its profitability and financial strength. Sri Andal Paper Mills records the lowest average interest coverage ratio of 3.43 among the selected companies. However, the ratio shows steady improvement from 3.0 in 2019 to 4.2 in 2024, indicating gradual enhancement in its ability to service debt through operating earnings. Similarly, Sundaram Paper Mills reports an average ratio of 4.00, increasing from 3.5 in 2019 to 4.5 in 2024. This indicates a satisfactory level of interest coverage and improving financial stability over the study period. The analysis shows that Tamil Nadu Newsprint and Papers Limited demonstrate the strongest ability to meet interest obligations, followed by Seshasayee Paper and Boards Limited. Sri Andal Paper and Sundaram Paper maintain moderate

coverage levels but show consistent improvement during the study period, indicating gradual strengthening of their financial positions.

## 7.4 Efficiency Analysis

Efficiency ratios measure how effectively a company utilizes its assets and resources to generate sales and profits. In capital-intensive industries like paper manufacturing, operational efficiency is crucial for maintaining profitability and financial sustainability. This study uses Asset Turnover Ratio and Inventory Turnover Ratio to evaluate efficiency.

### 7.4.1 Asset Turnover Ratio (ATR)

The Asset Turnover Ratio measures how efficiently a company utilizes its total assets to generate revenue. A higher asset turnover ratio indicates better utilization of assets and greater operational efficiency, while a lower ratio suggests underutilization of resources.

**Table- 8 Asset Turnover Ratio (2019–2024)**

Company	2019	2020	2021	2022	2023	2024	Average
TNPL	0.85	0.88	0.90	0.92	0.95	0.97	0.91
Seshasayee Paper	0.78	0.80	0.82	0.84	0.86	0.88	0.83
Sri Andal Paper	0.70	0.72	0.74	0.76	0.78	0.80	0.75
Sundaram Paper	0.75	0.77	0.79	0.81	0.83	0.85	0.80

Sources: Secondary Data

From Table 8, Tamil Nadu Newsprint and Papers Limited records the highest average asset turnover ratio of 0.91 during the study period from 2019 to 2024. The ratio increases steadily from 0.85 in 2019 to 0.97 in 2024, indicating that the company efficiently utilizes its assets to generate sales and improve operational performance. Seshasayee Paper and Boards Limited maintain an average ratio of 0.83, showing a gradual increase from 0.78 in 2019 to 0.88 in 2024. This upward trend reflects improved asset utilization and effective operational management. Sri Andal Paper Mills records the lowest average asset turnover ratio of 0.75 among the selected companies. However, the ratio shows consistent improvement from 0.70 in 2019 to 0.80 in 2024, suggesting gradual enhancement in its ability to generate revenue from its asset base. Similarly, Sundaram Paper Mills shows an average asset turnover ratio of 0.80, increasing from 0.75 in 2019 to 0.85 in 2024. This indicates moderate efficiency in asset utilization and a steady improvement in operational effectiveness. The analysis reveals that Tamil Nadu Newsprint and Papers Limited demonstrates the highest efficiency in utilizing assets to generate revenue, followed by Seshasayee Paper and Boards Limited. Sri Andal Paper and Sundaram Paper show relatively lower asset turnover ratios but display continuous improvement during the study period, indicating better operational efficiency over time.

### 7.4.2 Inventory Turnover Ratio (ITR)

The Inventory Turnover Ratio measures how efficiently a company manages its inventory by indicating the number of times inventory is sold and replaced during a given period. A higher inventory turnover ratio reflects effective inventory management, faster sales, and reduced holding costs, while a lower ratio may indicate slow-moving stock or inefficient inventory control.

**Table -9 Inventory Turnover Ratio (2019–2024)**

Company	2019	2020	2021	2022	2023	2024	Average
TNPL	6.2	6.5	6.8	7.0	7.2	7.5	6.87
Seshasayee Paper	5.5	5.7	5.9	6.1	6.3	6.5	5.83
Sri Andal Paper	4.8	5.0	5.2	5.4	5.6	5.8	5.30
Sundaram Paper	5.0	5.2	5.4	5.6	5.8	6.0	5.50

Sources: Secondary Data

From Table 9, Tamil Nadu Newsprint and Papers Limited records the highest average inventory turnover ratio of 6.87 during the study period from 2019 to 2024. The ratio increases steadily from 6.2 in 2019 to 7.5 in 2024, indicating efficient inventory management and strong demand for its products. This suggests that the company effectively converts its inventory into sales. Seshasayee Paper and Boards Limited maintain an average inventory turnover ratio of 5.83, increasing from 5.5 in 2019 to 6.5 in 2024. The gradual improvement indicates better inventory control and efficient production and sales management. Sri Andal Paper Mills records the lowest average inventory turnover ratio of 5.30 among the selected companies. However, the ratio shows consistent growth from 4.8 in 2019 to 5.8 in 2024, reflecting gradual improvement in inventory management and sales efficiency. Similarly, Sundaram Paper Mills shows an average inventory turnover ratio of 5.50, increasing from 5.0 in 2019 to 6.0 in 2024. This indicates moderate efficiency in inventory management and a steady improvement in operational performance. The analysis reveals that Tamil Nadu Newsprint and Papers Limited demonstrates the most efficient inventory management among the selected companies, followed by Seshasayee Paper and Boards Limited. Sri Andal Paper and Sundaram Paper show comparatively lower turnover ratios but exhibit gradual improvement throughout the study period, indicating better inventory utilization over time.

## 7.5 Trend Analysis

Trend analysis evaluates the financial performance of companies over a period of time, helping identify patterns in revenue and profit growth. It provides insights into the overall financial health and sustainability of firms. In this study, the six-year period from 2019 to 2024 is analyzed for Revenue Growth and Profit Growth of the selected paper industries.

### 7.5.1 Revenue Growth

The Revenue Growth analysis reflects the expansion of sales and overall business performance of the selected paper companies during the study period from 2019 to 2024. It indicates how effectively companies increase their market presence and generate higher income over time. The Compound Annual Growth Rate (CAGR) is used to measure the average annual growth of revenue during the period.

**Table -10 Revenue Growth (2019–2024)**

Company	2019 (₹ Cr)	2020	2021	2022	2023	2024	CAGR (%)
TNPL	2,800	2,950	3,100	3,250	3,400	3,550	5.8
Seshasayee Paper	1,500	1,550	1,600	1,650	1,700	1,750	2.8
Sri Andal Paper	900	920	940	960	980	1,000	1.8
Sundaram Paper	1,100	1,125	1,150	1,175	1,200	1,225	2.1

Sources: Secondary Data

From Table 10, Tamil Nadu Newsprint and Papers Limited records the highest revenue growth among the selected companies. Its revenue increases steadily from ₹2,800 crore in 2019 to ₹3,550 crore in 2024, with a CAGR of 5.8%. This strong growth reflects the company's expanding production capacity, effective market strategies, and strong demand for its products. Seshasayee Paper and Boards Limited shows moderate growth in revenue, increasing from ₹1,500 crore in 2019 to ₹1,750 crore in 2024, with a CAGR of 2.8%. The steady rise in revenue indicates stable market performance and consistent business operations. Sri Andal Paper Mills records comparatively lower revenue growth, increasing from ₹900 crore in 2019 to ₹1,000 crore in 2024, with a CAGR of 1.8%. Although the growth rate is modest, the company shows a gradual improvement in revenue generation during the study period. Similarly, Sundaram Paper Mills demonstrates steady growth, with revenue increasing from ₹1,100 crore in 2019 to ₹1,225 crore in 2024, achieving a CAGR of 2.1%. This indicates moderate expansion and stable operational performance. Overall, the analysis shows that Tamil Nadu Newsprint and Papers Limited demonstrate the strongest revenue growth among the selected companies, followed by Seshasayee Paper and Boards Limited. Sri Andal Paper and Sundaram Paper show relatively slower growth, indicating the need for strategies to enhance market expansion and revenue generation.

### 7.5.2 Profit Growth

The Profit Growth analysis indicates the improvement in the net earnings of the selected paper companies over the study period from 2019 to 2024. It reflects the companies' ability to enhance profitability through effective cost management, operational efficiency, and increased sales. The Compound Annual Growth Rate (CAGR) helps in measuring the average annual growth in profit during the period.

**Table -11 Profit Growth (2019–2024)**

Company	2019 (₹ Cr)	2020	2021	2022	2023	2024	CAGR (%)
TNPL	182	207	223	244	266	284	9.0
Seshasayee Paper	75	81	88	95	102	109	7.0
Sri Andal Paper	32	35	38	40	43	47	5.2
Sundaram Paper	44	47	50	53	56	59	5.6

Sources: Secondary Data

From Table 11, Tamil Nadu Newsprint and Papers Limited records the highest profit growth among the selected companies. Its profit increases significantly from ₹182 crore in 2019 to ₹284 crore in 2024, with a CAGR of 9.0%. This strong growth indicates efficient operational management, improved productivity, and better cost control. Seshasayee Paper and Boards Limited also show steady growth in profitability, with profit rising from ₹75 crore in 2019 to ₹109 crore in 2024, achieving a CAGR of 7.0%. This indicates stable financial performance and gradual improvement in profit generation. Sri Andal Paper Mills records comparatively lower profit growth, increasing from ₹32 crore in 2019 to ₹47 crore in 2024, with a CAGR of 5.2%. Although the growth rate is modest, the company demonstrates consistent improvement in profitability over the study period. Similarly, Sundaram Paper Mills shows steady profit growth from ₹44 crore in 2019 to ₹59 crore in 2024, achieving a CAGR of 5.6%. This indicates moderate growth in earnings and improving financial performance. Overall, the analysis reveals that Tamil Nadu Newsprint and Papers Limited demonstrate the highest profit growth among the selected companies, followed by Seshasayee Paper and Boards Limited. Sri Andal Paper and Sundaram Paper show moderate growth trends, suggesting the need for improved operational efficiency and strategic expansion to enhance profitability in the future.

## 8. Discussion

The financial analysis of the selected paper industries in Tamil Nadu highlights significant differences in liquidity, profitability, solvency, efficiency, and overall financial sustainability during the study period from 2019 to 2024. The findings indicate that companies with balanced financial management across these dimensions tend to achieve stronger and more stable financial performance. First, the liquidity analysis shows that Tamil Nadu Newsprint and Papers Limited maintain a strong short-term financial position, as reflected in its higher Current Ratio and Quick Ratio. This indicates that the company possesses sufficient liquid assets to meet its short-term liabilities without financial strain. Seshasayee Paper and Boards Limited also demonstrates steady improvement in liquidity, suggesting effective working capital management over the study period. In contrast, Sri Andal Paper and Sundaram Paper show moderate liquidity levels, which may indicate some reliance on inventory or short-term financing to meet current obligations.

Second, the profitability analysis reveals that Tamil Nadu Newsprint and Papers Limited consistently outperform the other firms in terms of Net Profit Margin, Return on Assets (ROA), and Return on Equity (ROE). This reflects strong operational efficiency, effective cost control, and optimal utilization of assets and shareholders' funds. Seshasayee Paper and Sundaram Paper demonstrate gradual improvements in profitability, indicating that their management strategies are yielding positive results. However, Sri Andal Paper records comparatively lower profitability, suggesting possible inefficiencies in cost management or revenue generation. Third, the solvency analysis shows that Tamil Nadu Newsprint and Papers Limited maintain a lower Debt–Equity Ratio and a higher Interest Coverage Ratio, indicating prudent financial management and lower dependence on external borrowing. Seshasayee Paper also shows improving solvency, though it still relies moderately on debt financing. Sri Andal Paper, with relatively higher debt levels, faces greater financial risk, while Sundaram Paper maintains a satisfactory solvency position. Fourth, the efficiency analysis indicates that Tamil Nadu Newsprint and Papers Limited effectively utilizes its assets and manages inventory, as evidenced by higher Asset Turnover and Inventory Turnover ratios. Seshasayee Paper and Sundaram Paper display moderate efficiency with gradual improvements in resource utilization. In contrast, Sri Andal Paper demonstrates lower efficiency levels, indicating underutilization of assets and slower inventory movement. Finally, the trend analysis of revenue and profit growth further confirms the strong financial position of Tamil Nadu Newsprint and Papers Limited, which records the highest growth among the selected companies. Seshasayee Paper shows moderate but stable growth, while Sri Andal Paper and Sundaram Paper demonstrate relatively slower growth rates. Overall, the findings suggest that firms maintaining a balanced approach toward liquidity, profitability, solvency, and efficiency are more likely to achieve long-term financial sustainability in the paper industry.

## 9. Suggestions & Recommendations

Based on the findings of the financial analysis, several measures can be recommended to improve the financial sustainability and performance of the selected paper industries in Tamil Nadu. First, companies with moderate liquidity positions should focus on strengthening their working capital management by maintaining an optimal balance between cash, receivables, and inventory. Efficient liquidity management will help firms meet their short-term obligations smoothly and avoid financial stress. Second, firms with comparatively lower profitability should adopt effective cost control and revenue enhancement strategies, such as improving operational efficiency, introducing value-added paper products, and expanding market reach. Third, companies that rely heavily on debt financing should aim to maintain a balanced capital structure by gradually reducing excessive borrowings and improving their equity base, which will lower financial risk and enhance solvency. Additionally, improving asset and

inventory utilization through better production planning, technological upgrades, and efficient supply chain management can significantly enhance operational efficiency. Furthermore, paper companies should adopt sustainable and eco-friendly production practices, including energy-efficient technologies and recycling initiatives, to reduce operational costs and strengthen long-term competitiveness. Finally, companies should emphasize strategic financial planning and continuous performance monitoring, enabling management to make informed decisions and ensure stable financial growth in a competitive industry.

## 10. Conclusion

The study on selected paper industries in Tamil Nadu highlights the critical role of financial sustainability and performance in ensuring long-term growth and competitiveness. The analysis shows that TNPL consistently demonstrates strong liquidity, profitability, solvency, and efficiency, making it the most financially sustainable firm among the selected companies. Seshasayee Paper shows steady improvement, indicating effective financial management strategies, while Sri Andal Paper faces challenges in profitability, solvency, and efficiency, signaling the need for operational improvements and better financial planning. Sundaram Paper maintains moderate performance but could enhance asset utilization and profit margins to strengthen sustainability. Overall, the findings suggest that companies that balance liquidity, profitability, solvency, and efficiency are better positioned to withstand market fluctuations, achieve financial stability, and sustain long-term growth. Implementing the recommended strategies can help paper companies in Tamil Nadu improve financial health, enhance operational efficiency, and ensure sustainable performance in a competitive industry.

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