

A Study on the Financial Performance Analysis of Appxperts Private Limited

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Abstract- This study titled “A Study on the Financial Performance Analysis of Appxperts Private Limited” aims to evaluate the company’s financial health using ratio analysis techniques. Financial performance analysis is an essential aspect of business decision-making, as it provides insights into liquidity, solvency, and operational efficiency. The research relies on secondary data collected from the financial statements of the company for five consecutive years (2020–2024). Analytical tools such as comparative balance sheets, common size statements, and key financial ratios have been used to interpret results. The findings reveal that Appxperts Pvt. Ltd. has shown significant improvement in Liquidity and Solvency in recent years, with reduced dependence on debt and enhanced reserves. However, variations in the quick ratio and cash utilization indicate areas for better working capital management. The study concludes that the company is financially stable, but continuous monitoring is essential to sustain growth and efficiency

Keywords- Financial performance, Liquidity, Ratio analysis and Solvency

I. INTRODUCTION

Financial performance analysis plays a vital role in determining the financial health, stability, and growth prospects of a business organization. It enables managers, investors, and stakeholders to understand how effectively a company utilizes its financial resources to generate profits and maintain long-term sustainability. Through a systematic examination of financial statements, such as the balance sheet and profit and loss account, organizations can evaluate their liquidity position, solvency strength, operational efficiency, and overall profitability. Ratio analysis, common size statements, and comparative financial tools form the core techniques used to interpret these financial patterns and trends over time.

Appxperts Private Limited, a Puducherry-based digital solutions company, specializes in offering web development, mobile application development, and technology-driven services to various clients. As a growing firm in the competitive

Information Technology (IT) service sector, its financial consistency and resource utilization are critical for business continuity and expansion. Assessing the company’s financial performance is therefore essential to identify strengths, weaknesses, and areas that require managerial attention.

This study conducts a detailed financial performance analysis of Appxperts Pvt. Ltd. over a period of five years (2020–2024) using secondary data sourced from audited financial statements. Analytical tools such as comparative balance sheets, common size statements, and liquidity ratios are employed to understand changes in the company’s financial structure and short-term solvency. The findings of this study are expected to provide valuable insights for management decision-making, financial planning, and future strategic improvements.

II. OBJECTIVES OF THE STUDY

- ❖ To identify key financial strengths and weaknesses that affect the overall performance and sustainability of the company.
- ❖ To evaluate the Liquidity position of the Company

III. REVIEW OF LITERATURE

Pandey, I.M. (2022) stated that financial statements do not provide a complete picture unless they are analyzed through ratios, comparative statements, and trend percentages. He advocates using liquidity, solvency, profitability, and efficiency ratios to evaluate performance over time

Jain and Narang (2022) In their analysis of financial statement tools, the authors stressed the relevance of comparative and common size statements for making inter-period performance comparisons and identifying cost structure trends.

Khan and Jain (2021) in their study the authors emphasized that ratio analysis is a crucial tool for evaluating a company’s financial health. They explain that trend analysis over a number

of years helps in understanding the direction in which a business is moving.

Ramesh and Meera (2021) Their study on “A Comparative Financial Performance Analysis of Tata Motors and Mahindra & Mahindra” found that Tata Motors experienced high variability in profitability ratios during certain fiscal years due to global economic slowdowns and domestic market conditions.

KPMG India Report (2021) The report on the Indian automotive sector emphasized how financial trends over multiple years help investors and stakeholders understand a company’s long-term sustainability and market adaptability.

Sinha (2020) The purpose of the study is to analyze the trend of financial ratios of Tata Motors from 2015– 2020 and concluded that while the company showed improvements in turnover and asset utilization, its debt-equity ratio remained relatively high, signaling financial risk.

Sharma & Gupta (2020) in their study on the financial performance of automobile companies in India and concluded that ratio analysis plays a vital role in assessing operational efficiency and long-term solvency. They also stated that profitability ratios are key indicators of business viability in a competitive market like the automotive sector.

IV. RESEARCH METHODOLOGY

Research Design:

This study uses a Descriptive Research Design.

Data Collection:

Secondary Data:

Secondary data refers to information that has already been collected and processed by others. In this study, secondary data was taken from annual reports, manuals, and other relevant documents provided by the organization. Additional information was also gathered from library resources, research articles, and previous studies available on platforms like ResearchGate.

TOOLS FOR DATA ANALYSIS

- Comparative Statement
- Common size Statement
- Ratio Analysis (Liquidity Ratio)

V. DATA ANALYSIS AND INTERPRETATION

I. TABLE SHOWING COMMON SIZE STATEMENT OF APPXPPTS PRIVATE LIMITED FOR THE LAST FIVE YEARS (2020-2024)

PARTICULARS	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)
Share Capital	1.23	5.81	1.73	0.73	0.33
Reserves & Surplus	2.07	162.04	22.13	57.17	42.96
Long-term Borrowings	5.35	12.42	2.72	0.00	0.00
Trade Payables	0.00	0.00	61.61	15.30	26.84
Other Current Liabilities	35.28	243.82	11.80	18.73	8.69
Total Liabilities & Equity	100.00	100.00	100.00	100.00	100.00
Tangible Assets	13.25	58.11	27.45	54.99	15.64
Deferred Tax Asset	2.08	15.35	6.52	2.20	2.52
Trade Receivables	11.14	1.45	48.44	7.15	45.77
Cash & Cash Equivalents	15.34	11.06	9.31	0.43	0.85
Short-term Loans & Advances	2.12	14.02	8.29	26.65	34.13
Total Assets	100.00	100.00	100.00	100.00	100.00

INTERPRETATION:

- ❖ The Common Size Statement analysis from 2020 to 2024 reveals significant structural changes in both equity and asset composition of the company. From 2020 to 2024, shareholders’ funds have shown substantial variation, especially in reserves and surplus, indicating major shifts in profitability and retained earnings.

- ❖ The share capital remained largely consistent, reflecting stability in ownership, while reserves and surplus grew markedly in 2023, highlighting improved earnings retention and reinvestment of profits. The long-term borrowings show a downward trend, suggesting the company's gradual movement toward reduced financial leverage and increased reliance on internal sources of finance.
- ❖ On the liabilities side, short-term borrowings and trade payables have fluctuated, implying variable working capital requirements. The rise in other current liabilities during 2023 and 2024 indicates increased operational payables, possibly due to expansion or deferred obligations. On the asset side, tangible assets as a percentage of total assets have increased significantly in 2023, showing reinvestment in fixed assets, perhaps due to capacity expansion or modernization. Cash and cash equivalents declined as a proportion of total assets, suggesting funds were utilized in investments or asset acquisition. Similarly, trade receivables and short-term advances have varied, reflecting changes in credit policy or business volume.
- ❖ Overall, the company appears to have strengthened its asset base and reduced dependence on external debt, reflecting improved financial stability. The increase in reserves and tangible assets suggests better long-term solvency and operational efficiency. However, the decline in liquidity components such as cash balances calls for efficient cash management to maintain short-term financial flexibility.

II. TABLE SHOWING COMPARATIVE STATEMENT OF APPXPPTS PRIVATE LIMITED AS ON 31ST MARCH (2020-2021)

PARTICULARS	2020 (₹ IN THOUSANDS)	2021 (₹ IN THOUSANDS)	INCREASE/DECREASE AMOUNT (₹ 000)	CHANGE (%)
Share Capital	1,00,000	1,00,000	0	0.00%
Reserves and Surplus	23,00,715	1,67,578	-21,33,137	-92.72%
Long-term borrowings	6,18,113	4,33,371	-1,84,742	-29.89%
Short-term borrowings	42,21,824	28,58,500	-13,63,324	-32.29%
Trade payables	8,62,137	0	-8,62,137	-100.00%
Other current liabilities	0	0	0	-
Fixed Assets (Tangible)	18,16,723	10,73,699	-7,43,024	-40.90%
Deferred Tax Assets	1,68,311	1,68,311	0	0.00%
Inventories	12,86,438	9,02,366	-3,84,072	-29.86%
Trade receivables	35,50,126	12,43,240	-23,06,886	-64.98%
Cash and cash equivalents	6,46,561	1,71,832	-4,74,729	-73.42%

INTERPRETATION:

The Comparative Statement of 2020 and 2021 reflects stability in share capital but a sharp decline in reserves and surplus, indicating reduced profitability or accumulated losses. While both long-term and short-term borrowings decreased, showing better debt control, the fall in cash and cash equivalents raises liquidity concerns. Moreover, reductions in inventories and receivables suggest a slowdown in business operations during 2020.

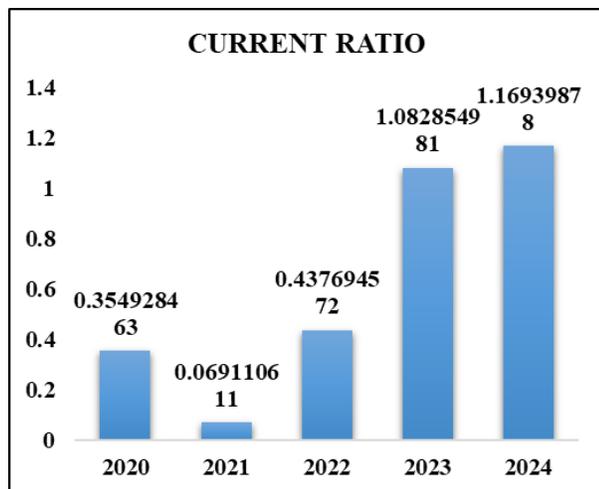
III. LIQUIDITY RATIO ANALYSIS

3.1 TABLE SHOWING CURRENT RATIO OF APPXPPTS PRIVATE LIMITED AS ON 31st MARCH (2020-2024)

$$\text{Current ratio} = \frac{\text{Current Asset}}{\text{Current Liabilities}}$$

Year	Current Assets (₹ '000)	Current Liabilities (₹ '000)	Current Ratio
2020	25,13,000	70,80,300	0.354928463
2021	4,57,066	66,13,543	0.069110611
2022	4,39,360	10,03,805	0.437694572
2023	62,55,415	57,76,780	1.082854981
2024	24,661.79	21,089.29	1.16939878

3.1 CHART SHOWING CURRENT RATIO OF APPXPPTS PRIVATE LIMITED AS ON 31st MARCH (2020-2024)



INTERPRETATION:

The analysis shows that the company’s liquidity position was very weak in 2020 and 2021, as the Current Ratio remained far below 1, indicating insufficient current assets to meet short-term liabilities. In 2022, the position slightly improved, but the ratio was still under 1, reflecting continuing liquidity pressure. A major turnaround occurred in 2023, when the ratio crossed 1, suggesting the company had enough current assets to cover its obligations. By 2024, the ratio further strengthened

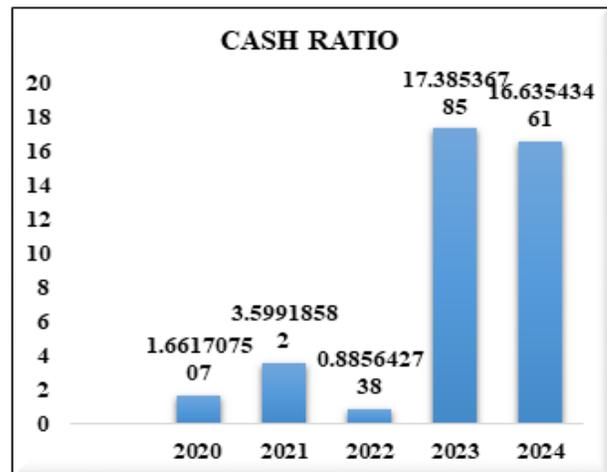
to 1.17, highlighting a more stable and comfortable liquidity position.

3.2 TABLE SHOWING CASH RATIO OF APPXPPTS PRIVATE LIMITED AS ON 31st MARCH (2020-2024)

$$\text{Cash Ratio} = \frac{\text{Current Liabilities}}{\text{Cash + Cash Equivalents}}$$

YEAR	CASH & CASH EQUIVALENTS (₹'000)	CURRENT LIABILITIES (₹'000)	CASH RATIO
2020	10,284	17,089	1.661707507
2021	11,791	42,438	3.59918582
2022	4,792	4,244	0.885642738
2023	2,41,564	41,99,679	17.38536785
2024	1,71,832	28,58,500	16.63543461

3.2 CHART SHOWING CASH RATIO OF APPXPPTS PRIVATE LIMITED AS ON 31st MARCH (2020-2024)



INTERPRETATION:

The company maintained a strong Cash Ratio in 2020 and 2021 (1.66 and 3.60 respectively), indicating more than adequate cash and cash equivalents to cover current liabilities. However, in 2022 the ratio fell sharply to 0.89, slipping below the safe benchmark of 1, which reflects a temporary strain in immediate liquidity. In 2023, the cash ratio surged dramatically to 17.38 and remained very high in 2024 at 16.63, suggesting an

excessive buildup of idle cash relative to liabilities. While such high levels indicate strong liquidity and solvency, they may also point to inefficient utilization of funds that could otherwise be invested for higher returns.

VI. FINDINGS

COMMON SIZE STATEMENT (2020–2024)

❖ The Common Size Statement from 2020 to 2024 shows major changes in equity and assets, with reserves and surplus fluctuating significantly while share capital remained stable. Long-term borrowings steadily declined, indicating reduced financial leverage and greater reliance on internal funds. On the liabilities side, short-term borrowings and payables varied, reflecting changing working capital needs. Tangible assets increased notably in 2023, while cash balances declined due to higher investments. Overall, the company strengthened its asset base but needs better cash management to maintain liquidity.

COMPARATIVE STATEMENT (2020–2021)

❖ The Comparative Statement for 2020 and 2021 shows that share capital remained unchanged, but reserves and surplus dropped significantly, pointing to lower profitability or accumulated losses. Although long-term and short-term borrowings declined, indicating improved debt management, the decrease in cash and cash equivalents signals potential liquidity issues. Additionally, the fall in inventories and receivables suggests that business activities slowed down in 2020.

LIQUIDITY RATIO (2020–2024)

❖ The company showed weak liquidity in 2020, 2021, and 2022, as the current ratio stayed below 1, indicating difficulty in meeting short-term obligations. A strong improvement occurred in 2023 and 2024 when the current ratio rose above 1, reflecting a healthier liquidity position. The cash ratio was comfortably above 1 in 2020 and 2021, showing sufficient cash to cover immediate liabilities. It declined to 0.89 in 2022, signaling temporary pressure on cash availability. In 2023 and 2024, the cash ratio rose sharply to very high levels, indicating excess idle cash that was not efficiently utilized for business growth.

VII. SUGGESTIONS AND RECOMMENDATIONS

- **Improve Liquidity Management** – The company should maintain an optimal level of current and quick assets to avoid liquidity stress and ensure timely settlement of short-term obligations.
- **Utilize Idle Cash Effectively** – Excess cash balances (2023–24) should be invested in short-term investments or used for business expansion instead of remaining idle.
- **Control Dependence on Borrowings** – Debt levels were very high in some years; hence, the company should focus on strengthening equity funding and reducing reliance on external borrowings.
- **Strengthen Profit Retention** – The company should increase reserves and surplus through consistent profit retention to build long-term financial stability.
- **Enhance Asset Utilization** – Better use of fixed assets and reducing idle inventories will help improve efficiency and profitability.

VIII. CONCLUSION

The financial analysis of Appxperts Private Limited (2020–2024) reveals major fluctuations in liquidity, solvency, and overall financial stability. During the early years, the firm faced weak liquidity and high dependence on borrowings, leading to greater financial risk. Ratios such as debt-equity and proprietary indicated over-reliance on external funds and limited internal strength.

However, the later years, particularly 2023–2024, reflected a strong recovery. The current ratio improved beyond the benchmark, reserves and surplus increased, and long-term debts were reduced, showing enhanced profitability and stability. Growth in tangible assets and cash holdings further strengthened the company's position and supported its operational efficiency. Despite progress, issues such as unstable quick ratios and excessive idle cash highlight the need for better working capital control and resource utilization. The firm must also maintain a balanced capital structure to ensure consistent solvency.

Overall, the company has demonstrated resilience and financial improvement in recent years. Sustaining this growth will require efficient cash management, prudent debt control, and consistent profit retention to build reserves and ensure long-term financial sustainability.

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