

A Study on Financial Performance Analysis On Ace Tech World Pvt. Ltd.

S. Arun Kumar¹, MS.S.Visalakshi²

¹Dept of Management Studies

²Associate Professor, Dept of Management Studies

^{1,2} Sri ManakulaVinayagar Engineering College (Autonomous), Puducherry

Abstract- *The present study examines the financial performance of an organisation by employing comprehensive financial analysis tools, with a primary focus on accounting ratios. Financial performance analysis is essential for assessing the operational efficiency, profitability, liquidity, and long-term solvency of a business. In this study, key financial indicators such as liquidity ratios, profitability ratios, leverage ratios, and efficiency ratios are analysed to evaluate the organisation's overall financial health. The analysis aims to identify trends, strengths, weaknesses, and areas requiring managerial attention. The findings of the study provide insights into how effectively the organisation utilises its financial resources, manages its obligations, and generates returns for stakeholders. The outcomes of this research can serve as a valuable reference for management, investors, policymakers, and researchers in understanding financial patterns and supporting strategic decision-making. Overall, the study highlights the importance of systematic financial evaluation in enhancing organisational performance and ensuring sustainable growth.*

I. INTRODUCTION

The term 'financial performance analysis also known as analysis and interpretation of financial statements', refers to the process of determining financial strength and weaknesses of the firm by establishing strategic relationship between the items of the balance sheet, profit and loss account and other operative data. The analysis of financial statements is an important aid to financial analysis. They provide information on how the firm has performed in the past and what is its current financial position. Financial analysis is the process of identifying the financial strengths and weakness of the firm from the available accounting data and financial statements. The analysis is done by establishing relationship between the different items of financial statements. The focus of financial analysis is on key figures in the financial statements and significant relationship that exists between them. The analysis of financial statements is a process of evaluating relationship between component parts of financial statements to obtain a better understanding of the firm's position and performance.

OBJECTIVES OF THE STUDY

- To study the Financial condition of the Ace tech world of private limited.
- To analyse the profitability position of the organization.
- To examine the liquidity and solvency position of the ace tech world .
- To offer suggestions based on the study.

II. REVIEW OF LITERATURE

Nirmala. M & Pavithra. K (2020) The research was conducted to investigate the determinants of the financial performance on selected cement companies In India. Infrastructure is the first key role of demand in the production of cement. For this study, the analysis was done by ratio analysis. The data for this research used secondary data in nature and data taken from 2009-2010 to 2018-2019. This study concludes that some comparative ratios showing the negative relationship and the companies have to concentrate and improve in those particular ratios. This study helps the financial investors, cement companies to know and take decision for future process in the concern.

Chandrasekaran. S (2021) Study focused on the Financial performance Analysis of XI Dynamics India Private Limited. The company is providing Housing loans and mortgage loans to affordable segments. This study is to analyse the financial position, identifying the strength and weakness of the firm and identify the difficult of the processing in mortgage. The study has been evaluated through secondary data and used various application tools to evaluate the financial performance like ratio analysis, and comparative balance sheet. And concluded that the company's financial performance is very good and also they are trying to generate more funds from other sources in order to expand the business.

Kishore Kumar Das & Rupsa Mahapatra (2021) carried out the study on Financial Performance of MSME sector. MSME is an important pillar of Indian economy as this sector is continuously contributing greatly to the growth and

development of Indian economy by creating around 70 million employment, manufacturing more than 6000 products, contributing more than 45% of manufacturing production and 40% from exports. This study is done to evaluate the financial performance of MSME Sector. The study is to know about the financial performance and trends, there are different statistical tools such as correlation, regression, ANOVA are being used for the analysis and interpretation. This sector is showing best results and the policies, innovative plans, are implemented in this sector. This study concluded that MSME sector is the most demandable and emerging sector which contribute the most towards national development and financial growth. And also here is a significant change in the performance of MSME sector is an incremental way which is a good sign.

Andal. V & Suganya. S & et al (2020) carried out the study on Financial Performance Analysis of Puma, manufacturer of sports apparels and sports equipment company. The analysis done by using vertical and horizontal and also financial ratios have been prepared to know the overall performance of the company. These analysis and ratios will help the company for the future growth and to improve the market share of the company. This study finally concludes that the company is performing well, and it will continue to make profit and revenues for the next financial years. The current ratio of PUMA has only reduced and in all other contexts, The financial position of puma is satisfactory.

III. RESEARCH METHODOLOGY

Research Design:

This study uses a descriptive research design.

Data Collection:

Secondary Data:

Secondary data are those which have already been collected by someone and which are passed through the statistical machine at least once. Mainly, the secondary data are used to the study i.e. annual reports, manuals and other relevant documents. The study also used the literature 22 provided by the organization. In addition, another source of data was through reference to the library and review of different articles and relevant previous studies from research gate websites also, this study is a descriptive financial analysis measure.

The Major sources of secondary data are,

- To understand the financial position of the company.

- To analyse the liquidity and solvency position of the firm.
- To assess the factors influencing the financial performance of the organisation.

TOOLS FOR ANALYSIS:

- Comparative balance sheet
- Common size balance sheet
- Ratio analysis

COMPARATIVE BALANCE SHEET:

A comparative balance sheet shows the financial position of a company for two or more accounting periods side by side. It helps to compare the changes in assets, liabilities, and equity over time. This comparison highlights the trend and direction of financial growth or decline, allowing analysts to understand how the company's financial condition has improved or deteriorated between periods. The changes are usually expressed in absolute figures and percentages.

FORMULA:

ABSOLUTE CHANGE= CURRENT YEAR FIGURE- PREVIOUS YEAR FIGURE

PERCENTAGE CHANGE= (CHANGE/PREVIOUS YEAR FIGURE) *100

COMMON SIZE BALANCE SHEET:

A common size balance sheet expresses every item on the balance sheet as a percentage of the total assets (or total liabilities and equity). this method eliminates the impact of size differences between companies or time periods, making it easier to compare financial statements of firms of different scales or industries. It is especially useful for vertical analysis, where the focus is on the structure and composition of assets and liabilities.

FORMULA:

COMMON SIZE PERCENTAGE= (INDIVIDUAL ITEMS/TOTAL ASSETS) *100

RATIO ANALYSIS:

Ratio analysis is a quantitative method used to evaluate a company's financial performance by studying the relationship between different items in the financial statements. Ratios helps assess liquidity, profitability, solvency, and efficiency. It simplifies financial information,

making it easier for management, investors, and creditors to make decisions.

1. Current Ratio
2. Quick Ratio
3. Debt-Equity Ratio
4. Gross Profit Ratio
5. Net Profit Ratio
6. Return On Assets

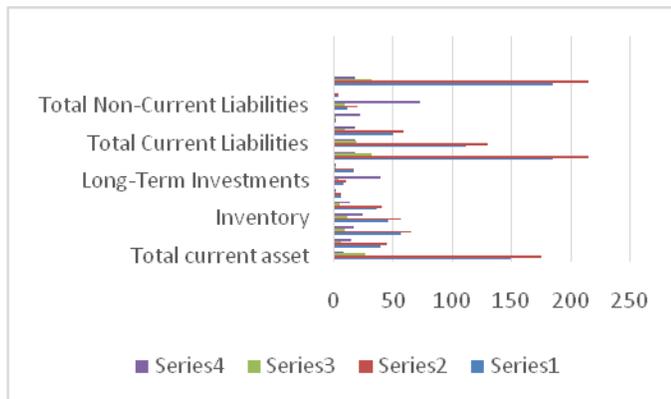
IV. DATA ANALYSIS AND INTERPRETATION

The analysis is a critical examination of the assembled data. Analysis of data leads to generalization.

Data should be analyzed in light of hypothesis or research questions and organized to yield answers to the research questions

Data analysis can be both descriptive as well as a graphic in presentation. It can be presented in charts, diagrams, and tables.

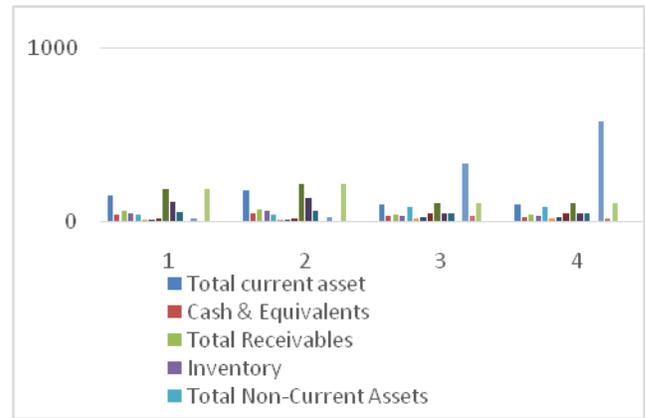
COMPARATIVE B/L SHEET:



INTERPRETATION:

Long-term investments and non-current assets also improved, indicating focus on strengthening the asset base for future stability. On the liabilities side, accounts payable and non-current liabilities grew, reflecting higher financial obligations. The rise in total assets is balanced with corresponding growth in liabilities and equity, showing expansion in overall financial position.

COMMON SIZE B/L SHEET:



INTERPRETATION:

Based on the chart, it can be inferred that Ace Tech World Private Limited has a strong financial position, with a healthy liquidity position and significant investments in long-term assets. The company's asset base has grown significantly over the four sections, indicating expansion and growth.

RATIOS:

Gross Profit Ratio

Formula:

$$\text{Gross Profit Ratio} = \left(\frac{\text{Gross Profit}}{\text{Net Sales}} \right) \times 100$$

YEAR	PROFIT	REVENUE	GROSS PROFIT (%)
2020	29.8	277.1	10.75
2021	34.6	319.0	10.85
2022	29.2	275.4	10.60
2023	25.82	241.3	10.70
2024	28.00	264.7	10.58

INTERPRETATION:

The Profit Margin percentage has been stable between 10.58% and 10.85% from 2020 to 2024. The highest Gross Profit Margin% was in 2021 (10.85%) and lowest in 2024 (10.58%). Revenue peaked in 2021 (Rs. 319.0) and was lowest in 2023 (Rs. 241.3). Profit Margin varied, with highs in 2021 and lows in 2023.

OPERATING PROFIT MARGIN:

YEAR	INCOME	REVENUE	OPERATING MARGIN
2020	8.9	277.1	3.21
2021	15.4	319.0	4.83
2022	7.86	275.4	2.85
2023	4.23	241.3	1.75
2024	4.88	264.7	1.84

INTERPERTATION:

The operating profit margin of the company Ace Tech World Pvt. Ltd. saw its best performance in terms of operating income, revenue, and operating margin in 2021. Post-2021, there's been a downward trend in these metrics, with a slight uptick in operating income in 2024 compared to 2023.

Return on Assets (ROA):

Formula:
$$ROA = \left(\frac{\text{Net Profit}}{\text{Total Assets}} \right) \times 100$$

YEAR	NET INCOME(Rs)	TOTAL ASSETS(Rs)	RETURN ON ASSETS%
2020	6.0	183.91	3.26
2021	10.8	214.79	5.03
2022	5.0	189.04	2.64
2023	4.93	208.73	2.36
2024	5.54	219.48	2.52

INTERPERTATION:

The ROA was highest in 2021 at 5.03%, then dropped in 2022 to 2.64%, and has been fluctuating slightly between 2.36% and 2.52% from 2023 to 2024. Net income peaked in 2021 (Rs 10.8) and was lowest in 2020 (Rs 6.0). Total assets have generally increased over the years, from Rs 183.91 in 2020 to Rs 219.48 in 2024.

V. FINDINGS

- The company's total assets showed steady growth in 2020–21 (+16.79%), indicating expansion and better utilization of resources.

- In 2021–22, assets declined by 11.98% due to a steep drop in receivables (–19.53%) and inventory (–30.85%), showing weak working capital control.
- From 2022 onwards, the asset base recovered, with growth of 10.41% in 2022–23 and 5.15% in 2023–24.
- Current assets form the major share of total assets (above 90%), showing high focus on liquidity and working capital.

VI. SUGGESTIONS:

- Improve current ratio to reach the ideal benchmark of 2:1 for better liquidity.
- Maintain an absolute liquid ratio close to 0.5:1 to strengthen immediate solvency.
- Reduce excessive reliance on short-term borrowings by planning alternative funding sources.
- Ensure steady cash reserves by balancing receivables and payables.

VII. CONCLUSION

Financia performance analysis evaluates a company's historical and current financial health, profitability, efficiency, liquidity and solvency using its financial statements (primarily the income statement, balance sheet, and cash flow statement). The goal is to judge how well the business is doing, why performance changed, and where risks or opportunities lie. From the study, I conclude that the company shows positive signs such as steady recovery in assets after 2022 and consistent growth in long-term investments, reflecting a focus on expansion and future opportunities. However, the analysis also highlights negative aspects such as rising debt levels and weak liquidity ratios, indicating the need for better financial discipline and improved working capital management.