

# PROJECT REPORT

**22MBAPR407**

on

**“A Study of Financial Analysis at Vtricks Technologies”**

Submitted By

**Chethan S**  
(1BI23BA013)

Submitted to



**VISVESVARAYA TECHNOLOGICAL UNIVERSITY, BELAGAVI**

In partial fulfillment of the requirements for the award of the degree of

**MASTER OF BUSINESS ADMINISTRATION**

Under the guidance of

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**September- 2025**



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To Whomsoever It May Concern,

This is to certify that **Chethan S**, a student of Bangalore Institute of Technology, has successfully completed a six-week project in the Finance Department at Vtricks Technologies, from 26th May 2025 to 7th July 2025.

During this period, Chethan has demonstrated a keen interest in learning and shown a professional attitude throughout the tenure. We wish all the best for his future academic and professional endeavours.

Best regards,

  
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## DEPARTMENT OF MANAGEMENT STUDIES



### CERTIFICATE

This is to certify that **Chethan S** bearing USN 1BI23BA013 , is a bonafide student of Master of Business Administration of Bangalore Institute of Technology (2023-2025), affiliated to Visvesvaraya Technological University, Belagavi. Project Report on “**A Study of Financial Analysis at Vtricks Technologies**” is prepared by him under the guidance of **Dr. Sujatha S L, Assistant Professor**, in partial fulfillment of the requirements for the award of the Degree of **Master of Business Administration** of Visvesvaraya Technological University, Belagavi, Karnataka.

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## DECLARATION

I, **Chethan S**, hereby declare that the Project Report entitled “ **A Study of Financial Analysis**” with reference to “**Vtricks Technologies**” prepared by me under the guidance of **Dr. Sujatha S L, Assistant Professor**, Department of MBA, Bangalore Institute of Technology and external guidance by **Spurthi Kalkeri, HR Manager, Vtricks Technologies Bangalore 560040**.

I also declare that this project work is towards the partial fulfillment of the university regulations for the award of degree of **Master of Business Administration** by Visvesvaraya Technological University, Belagavi. I have undergone a project for a period of six weeks. I further declare that this project is based on the original study undertaken by me and has not been submitted for the award of any degree/diploma from any other University/Institution.

Place: Bangalore

Date: 24/09/2025



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Finally, I would like to thank all the MBA faculty members, my parents and friends for helping me during the period of my project work.

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## EXECUTIVE SUMMARY

This project presents a detailed financial review of Vtricks Technologies, a small and growing IT and SaaS based company located in Bengaluru. Since its establishment in 2019, the firm has expanded steadily, offering services in software solutions, cloud-based platforms and training programs. Over the years, it has built a diverse client base of more than 200 organizations across multiple industries such as healthcare, retail, logistics and e-commerce.

The study covers the company's financial performance over a five-year period (2020-2024) and examines areas such as revenue growth, profitability, liquidity, solvency, operational efficiency and employee productivity. Analytical tools including trend analysis, ratio analysis, percentage-based statements and break-even assessment were used to understand how effectively the business manages its funds and operations.

The review highlights that the company has maintained consistent growth in both revenue and profits while steadily strengthening its margins. This shows that Vtricks is handling its costs wisely and adopting effective pricing approaches that support profitability. Liquidity levels have improved gradually, proving that the business is in a strong position to meet its short-term needs. On the long-term side, a healthier equity base and reduced reliance on borrowings reflect sound financial planning and sustainable practices. Workforce productivity has also improved, showing that the expansion of staff has been balanced with efficiency.

The analysis shows that Vtricks has consistently kept its sales comfortably above the minimum needed to cover expenses, even as its fixed costs rose with expansion. By Aligning revenue growth with new investments, the company has maintained financial discipline and stability. This balance reflects a clear strategy of managing resources wisely while ensuring profitability is not compromised. Together, these insights highlight that Vtricks is expanding in a sustainable manner, supported by efficient operations and careful cost control. With this approach, the company is well prepared to strengthen its position and move confidently toward greater leadership in its sector.

## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 Introduction**

Financial analysis plays a critical role in understanding the overall health and performance of a business. It helps assess how effectively a company manages its resources, controls costs, and generates profits while planning for growth and long-term stability. For many of the small and medium enterprises (SMEs) like VTricks Technologies, financial analysis is especially important because these companies operate in fast-changing industries where managing limited resources efficiently is key to staying competitive.

IT and SaaS sector businesses face constant pressure to avail investments in new technologies, hire skilled professionals, and expand services to meet customer demands. They also must protect their financial practices support sustainable growth without taking on excessive risk. This report provides a detailed examination of VTricks Technologies financial performance over a five-year period, focusing on key metrics such as revenue trends, profitability, liquidity, solvency, and operational efficiency.

Through tools like ratio analysis, common-size statements, and growth calculations, this study explores how VTricks has managed its assets, liabilities, and investments while striving for steady progress. Understanding and knowledge attained from this analysis doesn't only feature areas of strength but also identify opportunities for improvement, enabling the company's leadership to make informed decisions.

Ultimately, this financial analysis serves as a guide for ensuring that VTricks can carry out its key goals, control investor confidence, and build a resilient organization capable of navigating industry challenges. By getting to know the bond between financial data and business outcomes, the company can align its growth initiatives with prudent management practices and create value for all stakeholders.

## **1.2 Introduction to Industry**

The IT services zone has shown its rise from being just a support role to becoming a critical driver of business performance and strategic growth. IT services extends widely from consulting, application development, enterprise solutions, and cloud infrastructure management to data analytics, automation, and cybersecurity. Many companies have retracted from treating IT as an expense and started to increasingly view it as a key contributor to a reliable generating business value.

The business world today is changing fast and a big reason behind this shift is the way companies are adopting digital tools. What was once seen as advanced or experimental—like AI, data analytics, cloud based services and blockchain has now become part of regular business operations. Across industries, cloud adoption has shot up with more than 70% usage in some areas and even mid-sized companies are using AI-driven insights to run their day-to-day work more smartly.

In India, the IT sector plays a central role in shaping the economy. It contributes a solid share to the country's GDP and directly employs millions of professionals, while also creating opportunities indirectly. Over the years, India has built a strong reputation as a global outsourcing hub, supporting both multinational corporations and homegrown small and medium enterprises. For SMEs especially, the need for affordable, flexible, and tailor-made technology solutions is rising quickly, which is driving new growth and innovation in the industry.

## **1.3 Company Profile**

VTricks Technologies, founded in 2019 and headquartered in Bengaluru, is a growing IT services and training company that blends two streams of operations:

- Skill Development and Ed-Tech: Provides structured learning in many areas such as advanced data interpretation, end-to-end application development, Cloud Computing, DevOps, and intelligent automation technologies. Training is done

through classroom sessions, live online programs, and corporate upskilling workshops.

- **Technology Services and Staffing:** Offering IT services to many SMEs like analytics dashboards, process automation, web development, and staffing solutions where trained candidates are deployed on client projects.

This dual business model gives VTricks a strong foundation. Training helps maintain steady revenue from learners and IT services develop project-based revenue. The firm has created many networks with different client base with more 200 organizations in industries like healthcare, e-commerce, manufacturing, and logistics. Key.

- **Affordability:** Fees structures and project pricing are designed to match the SME budgets and individual learners.
- **Agility:** Projects are implemented within reduced timeframes compared to industry pattern or benchmarks, which are often compared to the industry norms, they are often completed within 30–90 days for a functional or working solution.
- **Adaptability:** Solutions are tailored to industry-specific needs like compliance requirements in healthcare (HIPAA) or taxation standards in India (GST).

## **1.4 Vision, Mission & Quality Policy**

### **Vision**

“To empower individuals and businesses by bridging the gap between academic knowledge and real-world technology skills—building a future-ready workforce”

### **Mission**

“To bridge the gap between talent and opportunity, delivering value to both professionals and organizations through strategic staffing, insightful consulting, and industry-relevant training”

## **Quality Policy**

VTricks follows a policy of continuous improvement and innovation:

- **Training Quality:** Curricula are updated every 6–12 months based on industry demand.
- **Client Delivery Quality:** All projects follow standardized processes including requirement gathering, sprint reviews, and post-delivery support.
- **Certifications & Audits:** Adherence to globally recognized standards in information security and client satisfaction monitoring.
- **R&D Investment:** Allocation of resources toward building proprietary platforms and improving learning management systems.

## **1.5 Services Profile**

The company offers the following products and services:

- Software Development
- SaaS (Software as a Service) Subscriptions
- Consulting Services
- Training and Certification Programs
- Cloud-based Solutions
- Technical Support Services
- Custom Application Development

## **1.6 Areas of Operation**

- **Headquarters** - Located in Bengaluru, India with physical classrooms and delivery units
- **Domestic Reach** - Achieves Pan-India reach through online training and has strong client base in Karnataka, Tamil Nadu, and Maharashtra.
- **Industry Focus** – mainly on Healthcare, manufacturing, logistics, and retail SMEs.
- **International Presence** – Participates in many Early-stage projects and Established partnerships in UAE and North America.
- **Strategic Approach** – Follows “Glocal model” which helps in combining universal benchmarks with local customization.

## **1.7 Infrastructure Facilities**

The company holds the following infrastructure facilities:

- Office Space with Workstations and Meeting Rooms
- High-Speed Internet and Networking Equipment
- Servers and Cloud Hosting Infrastructure
- Development and Testing Labs
- Software Tools and Licensed Platforms
- Data Security and Backup Systems
- Training Rooms and Learning Centers
- Power Backup Systems

## **1.8 Competitors Information**

The company encounters competition from various small and medium-sized enterprises operating in similar domains. The competitors are categorized as follows:

### **Training and Certification Providers:**

- Techno Academy
- CodeCraft Training Solutions
- SkillEdge Learning
- LearnVista
- ProTrain Solutions

### **EdTech Platforms (SME Segment):**

- EduWave
- ClassPro
- SkillsSphere
- BrightLearn
- KnowledgeHub

### **Software Development and IT Services (SME Segment):**

- NexGen Software Solutions
- CloudEdge Technologies
- AlphaTech Solutions
- SoftFusion Systems
- Innovatech Solutions

### **SaaS Solutions and Cloud Services Providers (SME Segment):**

- AppWorks

- CloudNova
- DeskSuite
- Workly
- SmartServe

**Consulting and Advisory Services (SME Segment):**

- Insight Advisory Services
- StratEdge Consultants
- FinGrow Solutions
- Nexa Advisory
- ThinkBridge Consulting

## **1.9 SWOT Analysis of VTricks Technologies**

**Strengths:**

- Diverse service portfolio including software development, SaaS, and training solutions.
- Skilled workforce with expertise in emerging technologies.
- Strong client relationships and customized service offerings.
- Agile structure allowing quick adaptation to market changes.
- Consistent revenue growth and efficient cost management practices.

**Weaknesses:**

- Limited brand recognition compared to larger market players.
- Working capital constraints due to faster supplier payments.
- Dependence on a few key clients for revenue generation.

- Limited geographical reach and market presence.
- Lack of extensive marketing resources to expand quickly.

**Opportunities:**

- The increasing preference for digital learning platforms and SaaS-based solutions.
- Expansion into niche markets with specialized training modules.
- Partnerships and collaborations to enhance service reach.
- Adoption of new technologies such as AI and cloud computing.
- Increasing trend of remote work and digital learning platforms.

**Threats:**

- Intense competition from other SMEs and startups in the IT and education sector.
- Rapid technology changes requiring constant upskilling.
- Economic downturns affecting client budgets and investment capacity.
- Data security risks and compliance challenges.
- Fluctuating industry patterns that could impact subscription-based models.

## **1.10 Future Growth, Prospects and Financial statements**

### **1. Strengthening EdTech & Placement Capabilities**

VTricks emphasizes hands-on training in high-demand domains like Data Analytics, DevOps, Full Stack, and AI/ML, with over 5,000 candidates trained and placed, and 100+ industry expert trainers involved. Their 100% placement assistance and comprehensive career support (resume building, mocks, interview prep) not only boost enrolment appeal but also fuel placement metrics that can drive word-of-mouth growth.

## **2. Expanding Staffing & Consulting Services**

On the services side, VTricks offers in-house software development, consulting, and staffing (including contract-to-hire and permanent recruitment) for industries like manufacturing, finance, and education. They've already achieved over 500 successful placements and currently have 40+ professionals deployed. This vertical depth suggests potential to broaden service offerings — from custom software solutions to domain-specific consulting or managed staffing models.

## **3. Leveraging Emerging Tech Trends**

Through their blog, VTricks stays actively engaged with forward-looking technology narratives — covering topics like the future of cloud computing, augmented analytics, and full-stack trends in 2025. This indicates both their internal awareness and possible curriculum or service expansion into AI-driven analytics, hybrid/multi-cloud environments, DevSecOps, and sustainable cloud practices — aligning with market demand.

## **4. Embracing a Glo-cal (Global + Local) Strategy**

Although currently focused on Bengaluru, VTricks' digital infrastructure (LMS, remote delivery, Vodafone community) positions it perfectly to scale across Tier-2 and Tier-3 cities in India. Their dual stream capability—training and staffing—can also be packaged for overseas markets, especially in regions seeking cost-effective technology upskilling and outsourcing.

### **1.10.1 Financial Statements of Vtricks Technologies**

Financial reports represent formal records that summarize a company's financial activities and position over a defined timeframe. They include the Profit & Loss account, Balance Sheet, and Cash Flow report, which together offer a holistic understanding of the company's operations, financial standing, obligations, and liquidity changes. These reports enable stakeholders to evaluate the company's financial health, make strategic choices, and plan for growth.

### 1.10.2 Profit & Loss Statement

**Table 1.9.2 Showing Profit & Loss Statement (₹ Cr)**

<i>Particulars</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Revenue	5	7.5	11	14.5	18
COGS (52%)	2.6	3.9	5.72	7.54	9.36
Gross Profit	2.4	3.6	5.28	6.96	8.64
Operating Expenses (24%)	1.2	1.8	2.64	3.48	4.32
EBITDA	1.2	1.8	2.64	3.48	4.32
Depreciation	0.18	0.22	0.26	0.3	0.34
EBIT	1.02	1.58	2.38	3.18	3.98
Interest Expense	0.05	0.05	0.04	0.03	0.03
Profit Before Tax (PBT)	0.97	1.53	2.34	3.15	3.95
Tax (25%)	0.24	0.38	0.59	0.79	0.99
Net Profit	0.73	1.15	1.75	2.36	2.96

### 1.10.3 Balance Sheet

**Table 1.9.3 Showing Balance Sheet (₹ Cr)**

<b>Assets</b>					
<i>Particulars</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Cash & Bank Balances	0.6	1.2	2.06	3.56	5.58
Accounts Receivable	0.82	1.23	1.81	2.38	2.96
Inventory	0.21	0.32	0.47	0.62	0.77
Prepaid Expenses	0.06	0.07	0.08	0.09	0.1
<b>Total Current Assets</b>	<b>1.69</b>	<b>2.82</b>	<b>4.42</b>	<b>6.65</b>	<b>9.41</b>
Property, Plant & Equipment (Net)	1.12	1.3	1.59	1.89	2.25
Intangible Assets	0.25	0.3	0.35	0.4	0.45
Investments	0.1	0.12	0.15	0.19	0.24
<b>Total Non-Current Assets</b>	<b>1.47</b>	<b>1.72</b>	<b>2.09</b>	<b>2.48</b>	<b>2.94</b>
<b>TOTAL ASSETS</b>	<b>3.16</b>	<b>4.54</b>	<b>6.51</b>	<b>9.13</b>	<b>12.35</b>

<b>Liabilities &amp; Equity</b>					
<i>Particulars</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Accounts Payable	0.32	0.48	0.7	0.92	1.15
Short-Term Debt	0.2	0.2	0.15	0.15	0.15
Provisions	0.06	0.07	0.08	0.09	0.1
<b>Total Current Liabilities</b>	<b>0.58</b>	<b>0.75</b>	<b>0.93</b>	<b>1.16</b>	<b>1.4</b>
Long-Term Debt	0.2	0.2	0.15	0.1	0.05
Deferred Tax Liability	0.05	0.05	0.05	0.05	0.05
<b>Total Non-Current Liabilities</b>	<b>0.25</b>	<b>0.25</b>	<b>0.2</b>	<b>0.15</b>	<b>0.1</b>
<b>Total Liabilities</b>	<b>0.83</b>	<b>1</b>	<b>1.13</b>	<b>1.31</b>	<b>1.5</b>
Share Capital	1.5	1.5	1.5	1.5	1.5
Retained Earnings	0.73	1.88	3.63	5.99	8.95
<b>Total Equity</b>	<b>2.23</b>	<b>3.38</b>	<b>5.13</b>	<b>7.49</b>	<b>10.45</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>3.16</b>	<b>4.54</b>	<b>6.51</b>	<b>9.13</b>	<b>12.35</b>

## **CHAPTER 2**

# **CONCEPTUAL BACKGROUND AND LITERATURE REVIEW**

### **2.1 Theoretical background of the study**

Think of the financial results that are obtained like a routine health check for a business, the practical one in which it says you if whether the company can run tomorrow, next quarter, and five years down the line. These kinds of checkups will help the managers, lenders and investors to see whether if the outfit is using its money, people and tools at sensible point and also to see whether if the growth is being earned or is it just simply borrowed. In this case for Vtricks technologies the operate in in a high paced IT world where people, ideas and speed matters the most and this kind of financial reading is not at the optional.

At the very core of this assessment lies two key reports that no business can ignore

1. The profit and loss account – which lays out the inflow of earnings and the outflow of expenses.
2. The Balance sheet – Which captures what the company owns and what it owes at given point.

They paint a clear picture of whether daily operations are being run efficiently, if cash reserves remain steady and whether the enterprise has the strength to support the next round of hiring or investment without undue strain.

#### **Importance of Financial Performance Analysis**

1. **Decision Making:** Acts as a guide for the managers when they need to take calls on matters such as expansion plans, controlling costs, setting investment priorities or if deciding where resources should be allocated.

2. **Investor and Lender Confidence:** Provides a clear picture of the company's financial strength and its ability to meet repayment commitments which reassures both the investors and creditors.
3. **Benchmarking:** It serves as a practical tool which measures how the business is performing when compared with industry standards or against its own track record from the past years.
4. **Sustainability:** helps in clarification of the idea of growth and whether it is supported by profits and if they are self-generated cash flows instead of than excess borrowing.
5. **Strategic Planning:** Gives a direction for many factors like pricing, market entry, diversification, and human resource investments.

### **Tools and Techniques Used in Financial Performance Analysis by VTricks Technologies**

The company uses various tools and techniques to effectively manage its financial activities and ensure accurate reporting. These help in planning, controlling costs, monitoring cash flow, and making informed decisions to support sustainable growth.

#### **1. Accounting Software for Bookkeeping and Financial Reporting**

- Used to record daily transactions and prepare periodic financial statements.
- Helps in generating reports for internal review and external compliance requirements.

#### **2. Budgeting Tools to Plan and Control Operational Costs**

- Assists in estimating expenses and allocating resources for different departments.
- Helps track spending against planned budgets to avoid overshooting costs.

#### **3. Cash Flow Monitoring Systems to Track Receivables and Payables**

- Used to ensure that payments from clients are collected on time.
- Helps in scheduling supplier payments to maintain liquidity.

**4. Internal Audits and Periodic Financial Reviews for Compliance**

- Conducted regularly to check the accuracy of accounts and financial practices.
- Ensures adherence to regulatory standards and identifies areas for improvement.

**5. Key Performance Indicators (KPIs) such as Revenue, Profit, and Utilization Rates**

- Monitored to assess overall business performance and identify trends.
- Helps management make strategic decisions and improve operational efficiency.

**6. Payroll Management Systems to Handle Employee Salaries and Benefits**

- Used to process salary payments and manage statutory deductions accurately.
- Ensures timely disbursement of salaries and compliance with labor laws.

**7. Cost Tracking and Expense Management Tools for Project Accounting**

- Helps in allocating expenses to specific projects for better cost control.
- Assists in analyzing project-wise profitability and budgeting.

**8. Financial Dashboards for Real-Time Monitoring of Business Metrics**

- Provides instant access to key financial figures like cash position and expenses.
- Supports faster decision-making by offering a clear view of financial health.

**9. Bank Reconciliation Statements to Verify Cash Position**

- Prepared periodically to ensure that recorded cash balances match the bank statements.
- Helps in identifying discrepancies and correcting errors promptly.

**10. Forecasting Techniques to Estimate Future Revenue and Expenditure**

- Used to project future sales and plan for upcoming expenses.
- Assists in preparing for market fluctuations and aligning growth strategies.

## 2.2 LITERATURE REVIEW WITH RESEARCH GAP

- **Ali & Juma (2025):** It's a survey which actually shows a consistent cash-forecasting and regular monitoring which can sharply improve the survival chances of small firms.
- **Mwangi & Muturi (2025):** This study is based on field work on Kenyan SMEs which can help in the linking of tight collections and planned payables form a better firm sustainability.
- **Wall Street Journal (2025):** This study specializes in the Industry coverage and helps in highlighting on why revenue-per-employee is now a headline KPI.
- **SaaS Capital (2025):** This is a study that helps in benchmarking data for private SaaS firms which helps in showing how per-head revenue improves with scale.
- **Hussain (2025):** This is a study based on a review cautioning against benchmarking SMEs which are competing against large corporates and are still are supporting the practical value of classic financial ratios for small firms.
- **Rahman et al. (2024):** This study is about the Meta-analysis finding out that the cash availability actually helps in moderating on how working-capital policies are going to affect profitability.
- **Laghari, F. (2023):** The main motto of this study is its empirical work which helps in linking the operational cash-flow and measures more closely than net profit to firm outcomes.
- **Laghari et al. (2023):** The study actually features a longitudinal analysis in China which helps to show cash supporting metrics and guess survivability better than surface profit figures.
- **APQC (2023):** This study gives us a practical guidance on the using revenue-per-employee for firms which aims to support to provide a sectoral benchmark and explains how to interpret that metric for the service and training the businesses.

- **Sharma (2023):** The mentioned study helps in benchmarking the Indian MSMEs with ratios which does highlight wide cross-industry variance and also reminds us to interpret VTricks' ratios against SME norms not large IT firms.
- **Ton & GJ Institute (2023):** The study guides us through in linking employee treatment and turnover to the firm performance and shows a stable, trained teams which can often help to raise the productivity and manage to supports your training-investment angle.
- **Gallucci et al. (2022):** This study involves the analysis that combines many financial ratios and governance indicators to predict the SME credit risk.
- **Rao (2022):** This study is focused on productivity analysis in the knowledge-based firms which highlights on how revenue per employee and profit per employee can serve as a strong indicators for workforce efficiency.
- **Singh & Mehta (2022):** It is a study of the Indian SMEs which shows managers to rely mostly on cash, margin, and turnover ratios for making the decisions.
- **Braimah (2021):** This is a sectoral study which helps us in showing service SMEs which can benefit most from tight receivables control and can support the focus on receivable turnover for a service-heavy firms.
- **Brown & Smith (2021):** Their research highlights on how the banks assess SME loan applications which includes the liquidity, leverage and coverage ratios as key factors in decision making.
- **Nguyen & Pham (2021):** It is a Vietnam based study which shows that reducing receivable days and inventory cycles directly improves the profitability in SMEs.
- **Khan & Akram (2021):** This paper helps us in providing a practical review of ratio analysis in small businesses which suggests that the firms should focus on liquidity, profitability and efficiency ratios instead of relying on complicated financial models.
- **Sharma (2006):** Demonstrates on how break even analysis can serve a guide for SMEs in managing fixed and variable costs effectively during growth phases.

- **Gupta & Arora (2005):** An early Indian study stressing that profitability that profitability and liquidity should be analyzed together rather than in isolation to gain a clearer financial picture.

## **2.3 Research Gap**

While a great deal of research has examined the use of working capital, ratio analysis and productivity measures in SMEs and much of it is centered on large cross sector datasets and with particular emphasis on manufacturing enterprises or financial institution. A very few studies specifically address small and medium sized IT firms that combine training, services, and SaaS under one roof.

Moreover, existing research often looks at liquidity or profitability ratios in isolation or is based heavily on survey responses rather than integrating actual financial statements. Another noticeable gap is the limited effort to link day to day operational measures such as workforce productivity, subscription revenues and billing efficiency directly with the financial ratios and billing efficiency directly with financial ratios. By adopting a more comprehensive approach for a technology driven SME in the Indian setting.

This study aims to bridge that gap by providing a well rounded financial evolution that is useful both for academic insight and for practical management decisions.

## **CHAPTER 3**

### **RESEARCH DESIGN**

#### **3.1 Statement of the Problem**

Small and medium enterprises (SMEs) contribute significantly to driving economic growth, particularly in India's technology sector. However, even with their critical role, many SMEs face challenges in sustaining profitability, maintaining liquidity, and ensuring financial resilience in a competitive environment. In contrast to large corporations, SMEs frequently lack access to extensive capital markets and depend more on internal resources and short-term financing.

VTricks Solutions, a growing IT firm with a hybrid business model of software services, SaaS solutions, and training programs, faces unique financial challenges. With increasing operational costs, significant human capital investments, and for the requisite for innovation, it becomes necessary to evaluate how well its performing financially. The problem lies not merely in reporting numbers but in understanding whether revenues, profits, and cash flows are sufficient to sustain growth and meet stakeholder expectations.

Hence, the problem statement of this study is:

“To assess and analyze the financial performance of VTricks Solutions throughout a five-year timeframe using various analytical tools and frameworks, with a view to identifying strengths, weaknesses, and future growth prospects.”

#### **3.2 Need for the Study**

- Stakeholders need clarity about the key financial measures like earnings, cash flow stability, debt management, and operational effectiveness.
- Managers need the analytical insights that help to optimize costs, improve cash flow, and plan for expansion.

- Investors and creditors, they rely on the financial performance indicators to evaluate their risk and returns.
- Academia and policymakers are benefited from the case-based insights into the SME financial health.

### **3.3 Objectives of the Study**

- To study on how the company's sales, expenses, profits, and assets have moved over the five-year period (2020–2024), and to prepare the percentage-based statements for the Profit & Loss account and the Balance Sheet to know overall financial structure of the firm.
- To figure out and check the significant statistics like profit indicators and operational benchmarks to estimate the corporation's economic stability.
- To take a good close look and review the firm's short-term financial management by looking at the cash position, receivable collections, and inventory handling with the intention or aim of identifying the ways to improve the day-to-day operations.
- To measure how the productive the workforce has been by using the indicators like revenue per employee and profit per employee and to also calculate the break-even point to check whether the business can sustain itself while keeping the costs under control.
- To track the company's long-term growth by calculating year-on-year compounded growth rates for the revenue, profit, and equity which gives us a clear picture of its future direction and stability.

### **3.4 Scope of the Study**

- **Company Focus:** The study is confined to VTricks Solutions, operating in the IT and software solutions industry.
- **Time Frame:** The analysis covers a five-year period from 2020 to 2024.

- **Data:** The study relies on estimated and constructed financial statements prepared based on industry knowledge and SME benchmarks.
- **Techniques:** Tools applied include trend analysis, common-size analysis, ratio analysis, employee productivity metrics, and break-even analysis.

### **3.5 Research Methodology**

- **Research Design:** Descriptive and analytical in nature, as it interprets secondary financial data through structured tools.
- **Data Sources:**
  - Secondary Data: Financial statements, academic journals, industry reports, and online resources.
  - Primary Data: Informal discussions with company representatives, used only for contextual understanding.
- **Tools and Techniques:**
  - Comparative & Trend Analysis
  - Common-Size Statements
  - Ratio Analysis (Profitability, Liquidity, Solvency, Efficiency)
  - Value-Added Productivity Analysis
  - Break-Even Analysis
- **Analytical Framework:** The study integrates Profit & Loss, balance sheet data into a consistent framework, ensuring interlinkages and accuracy in interpretation.

### **3.6 Hypotheses**

#### **H<sub>0</sub> (Null Hypothesis):**

There is no significant improvement in the financial performance, operational efficiency, liquidity, and productivity of VTricks Solutions over the period 2020–2024. The company's growth is not significantly influenced by working capital management, employee productivity, or internal cash generation.

#### **H<sub>1</sub> (Alternative Hypothesis):**

There is a significant improvement in the financial performance, operational efficiency, liquidity, and productivity of VTricks Solutions over the period 2020–2024. The company's growth is positively influenced by effective working capital management, employee productivity, and sustainable internal cash generation.

#### **Testing the Hypothesis**

##### **1. Trend Analysis (Revenue, Profit, Assets, Expenses):**

- The hypothesis was tested by observing changes in revenue, profit, assets, and expenses over the five-year period.

##### **2. Common Size Statements (Profit & Loss and Balance Sheet):**

- Financial structure changes were analyzed by comparing proportions of key items such as expenses, liabilities, and equity.

##### **3. Ratio Analysis (Profitability, Liquidity, Solvency, Efficiency):**

- Ratios like profit margin, liquidity ratio, debt-equity ratio, and asset turnover were calculated to assess liquidity and efficiency.

##### **4. Break-Even Analysis:**

- By Finding the point where revenue are equal to expenses costs, the analysis assessed the sustainability of operations.

##### **5. Productivity Analysis (Revenue and Profit per Employee):**

- The hypothesis was tested by comparing productivity metrics over time.

#### **6. Growth Analysis (CAGR for Revenue, Profit, and Equity):**

- The yearly growth and its rates are figured to determine long-term expansion.

### **3.7 Limitations of the Study**

- It's confined to a single company (VTricks Solutions), which limits the scope for broad generalization across the IT industry.
- The analysis is restricted to a five-year period (2020–2024) and may not capture longer-term structural changes.
- Peer comparison is limited, as the focus is primarily on the company's internal financial performance.
- Certain qualitative aspects such as customer satisfaction, employee morale, and innovation strategy are not included in this study.
- External economic and policy factors influencing the IT/SME sector have been considered only indirectly, which may affect the overall interpretation.

### **3.8 Chapter Scheme**

- **Chapter 1: Introduction**  
Offers a summary of the study, including the company profile of VTricks Solutions, industry background, need for the study, objectives, scope, and the initial presentation of financial data.
- **Chapter 2: Conceptual Background and Literature Review**  
Explains the theoretical foundation for evaluating financial performance, reviews past research related to working capital strategies, financial ratios, and productivity metrics, and identifies the gap for which this particular study will be addressing.

- **Chapter 3: Research Design**

Describes the problem statement, the need and goals of the study, scope, research methodology, and limitations. It also outlines the framework of the report through this chapter scheme.

- **Chapter 4: Analysis and Interpretation**

Presents the detailed analysis of VTricks Solutions' financial results over a five-year period (2020–2024). This chapter applies tools such as trend analysis, common-size analysis, ratio analysis, productivity metrics, and break-even analysis to interpret the company's performance.

- **Chapter 5: Findings, Conclusion, and Suggestions**

Summarizes the key findings from the analysis, draws conclusions regarding the financial stability and sustainability, and it gives practically applicable suggestions for polishing future performance.

## CHAPTER 4

### ANALYSIS AND INTERPRETATION

#### 4.1 Trend and Comparative Analysis

Trend and comparative analysis examines the year-on-year movement of important financial metrics like revenue, expenses, net profit, total assets, debts, and shareholder funds. This approach enables the firm to determine if the consistently is advancing, maintaining profitability, and effectively managing its assets and debts throughout various time periods.

##### 4.1.1 Revenue and Profit Trends

Examining revenue and profit patterns which will give good valuable understandings on how the company's earnings and overall financial health. By observing the fluctuations in sales and net income, one can assess whether the organization is expanding successfully, operating efficiently, and converting its market activities into tangible financial benefits

***Formula:***

*Revenue Growth (%)*

$$= \frac{\text{Current Year Revenue} - \text{Previous Year Revenue}}{\text{Previous Year Revenue}} * 100$$

*Net Profit Growth (%)*

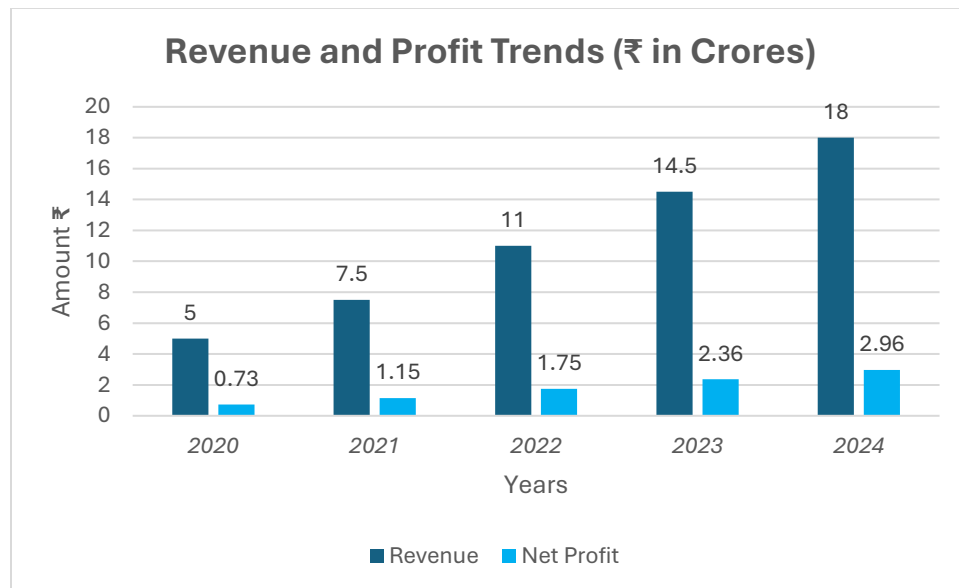
$$= \frac{\text{Current Year Net Profit} - \text{Previous Year Net Profit}}{\text{Previous Year Net Profit}} * 100$$

**Table 4.1.1 Showing Revenue and Profit Trends**

<i>Year</i>	<i>Revenue</i>	<i>% Change</i>	<i>Net Profit</i>	<i>% Change</i>
2020	5	-	0.73	-
2021	7.5	50%	1.15	58%
2022	11	47%	1.75	52%
2023	14.5	32%	2.36	35%
2024	18	24%	2.96	25%

### Analysis

- Revenue increased from ₹5 crore in 2020 to ₹18 crore in 2024, with the highest annual growth of 50% seen in 2021, indicating strong expansion in the initial years.
- Net profit grew from ₹0.73 crore in 2020 to ₹2.96 crore in 2024, with significant gains above 50% in the early years, reflecting strong expense control and rising operational efficiency.
- The declining percentage increase across the years shows that while expansion continued, the pace of growth stabilized as the company scaled its operations.



**Fig 4.1.1 Showing Revenue and Profit trends**

### Interpretation:

The movement of revenue and profit over the five years shows a clear upward path. The early years recorded sharper gains which helps reflecting strong demand and well-executed expansion efforts. As the business progressed the pace of growth became steady which points to stability rather than rapid jumps. These patterns suggest that the company has shown its progression in its economic base and is running its operations more efficiently.

### 4.1.2 Asset and Equity Trends

The movement of assets and equity gives a clear picture of the company's financial strength and adaptability. Growth in total assets reflects how well the business is distributing funds into areas like infrastructure, technology, and day-to-day operations. The rise in equity highlights how much of this growth is supported by reinvested profits and owner funding.

#### Formula:

*Asset Growth (%)*

$$= \frac{\text{Current Year Total Assets} - \text{Previous Year Total Assets}}{\text{Previous Year Total Assets}} * 100$$

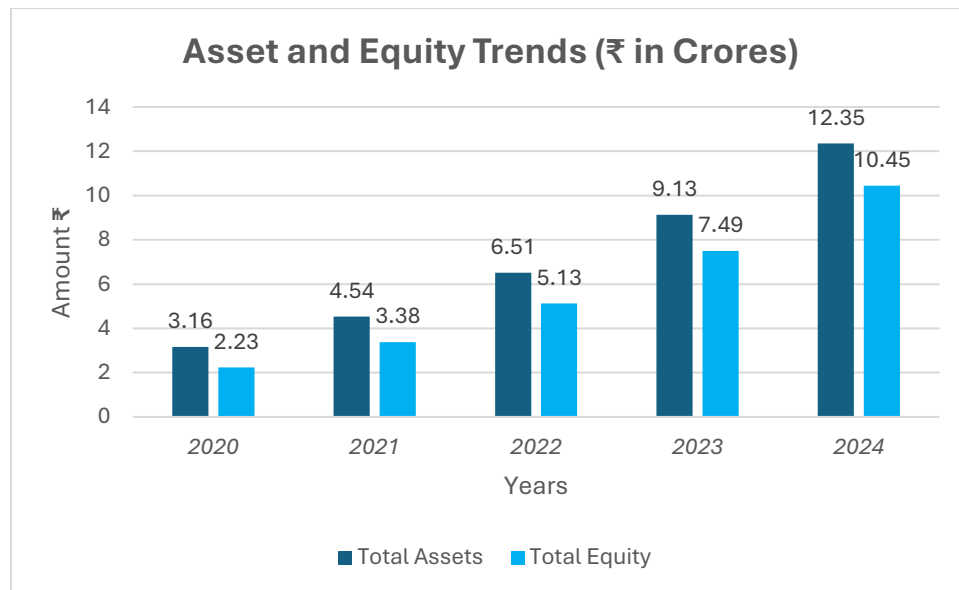
$$\text{Equity Growth (\%)} = \frac{\text{Current Year Equity} - \text{Previous Year Equity}}{\text{Previous Year Equity}} * 100$$

**Table 4.1.2 Showing Asset and Equity Trends**

<i>Year</i>	<i>Total Assets</i>	<i>% Change</i>	<i>Total Equity</i>	<i>% Change</i>
2020	3.16	-	2.23	-
2021	4.54	44%	3.38	52%
2022	6.51	43%	5.13	52%
2023	9.13	40%	7.49	46%
2024	12.35	35%	10.45	39%

### Analysis

- Total assets grew from ₹3.16 crore in 2020 to ₹12.35 crore in 2024, with the highest growth of 44% in 2021, showing significant investments in resources in the initial phase.
- Total equity grew from ₹2.23 crore in 2020 to ₹10.45 crore in 2024, which shows consistent growth over 39% annually, which helps in reflecting retained earnings and improved financial strength.
- The momentary fall in percentage trend shows that while the company's scale expanded, it reached a more stable asset and equity base as operations progressed.



**Fig 4.1.2 Showing Asset and Equity Trends**

### Interpretation:

The uprise in both total assets and equity over the five years signals steady strengthening of the company's financial base and the early years reflect strong investments and smart use of the resources which are built for momentum growth. Equity has also expanded consistently which helps in showing that the profits are being reinvested wisely and borrowing kept under control.

### 4.1.3 Expense Trends

Studying expense patterns over time gives a clear view of how a company can manage its costs while growing. By looking at whether spending is rising in line with revenue or being controlled effectively, it becomes easier to judge if operations are becoming more efficient. Tracking these changes is important because it shows how well the business is balancing growth with financial discipline which ensures that financial enlargement doesn't result at the cost of profitability.

**Formula:**

$$\text{Expense (\%)} = \frac{\text{Current Year Expenses} - \text{Previous Year Expense}}{\text{Previous Year Expense}} * 100$$

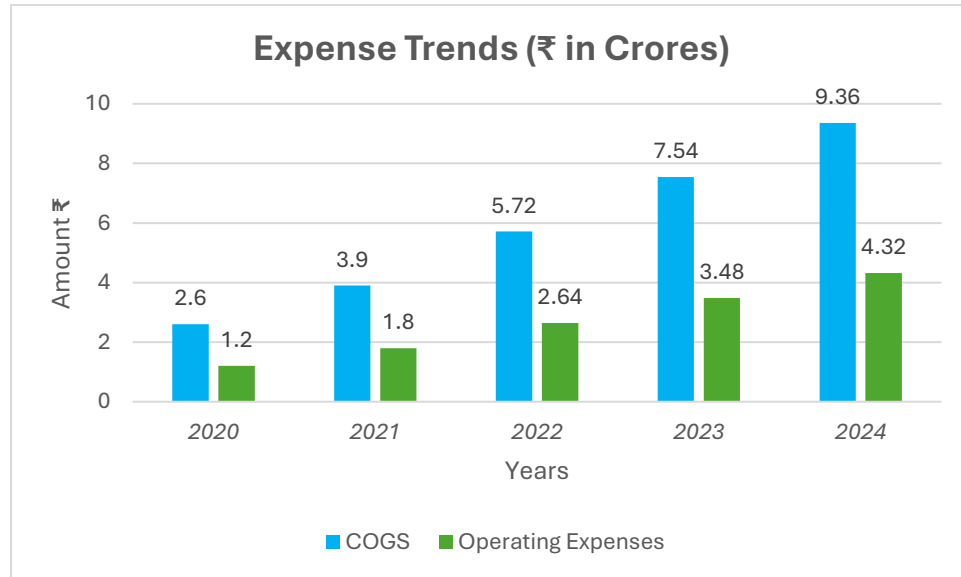
**Table 4.1.3 Showing Expense Trends**

<i>Year</i>	<i>Revenue</i>	<i>COGS</i>	<i>Operating Expenses</i>	<i>Total Expenses</i>	<i>Total Expenses % Change in P.Y</i>
2020	5	2.6	1.2	3.8	-
2021	7.5	3.9	1.8	5.7	50%
2022	11	5.72	2.64	8.63	51%
2023	14.5	7.54	3.48	11.02	28%
2024	18	9.36	4.32	13.68	24%

**Analysis**

- The company's total expenses has had been climbing steady from 2020 to 2024, with the highest jumps of 50% and 51% in 2021 and 2022 as operations expanded rapidly.
- The growth rate in expenses started to slow down in 2023 and 2024, suggesting better control over cost increases as revenue growth stabilized.

- Both COGS and operating expenses have increased in line with business expansion, but the controlled rise in operating expenses indicates improved management of overhead costs.



**Fig 4.1.3 Showing Expense Trends**

#### Interpretation:

The expense pattern clearly shows that VTricks has been investing more as the business grows, especially in the beginning. However, from 2023 onwards, the firm managed to maintain its expenses more carefully, ensuring that costs don't outpace revenue. The consistent increase in COGS reflects more projects and service deliveries, while operating expenses handled prudently. This shows the firm's focus on growth while keeping costs in check.

## 4.2 Comparative and Common Size Analysis of Financial Statements

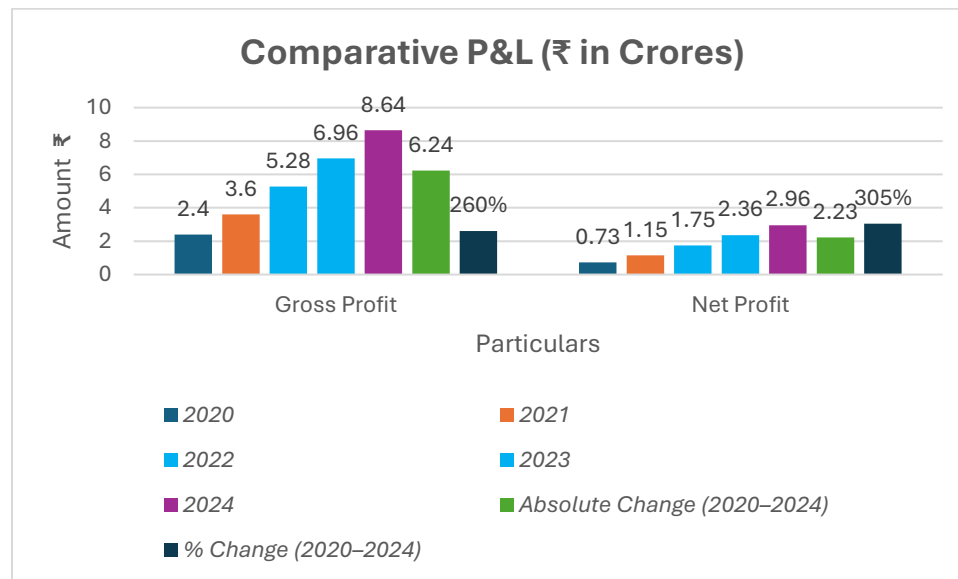
### 4.2.1 Comparative Analysis

**Table 4.2.1 Showing Comparative Profit & Loss Account**

<i>Particulars</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>Absolute Change (2020– 2024)</i>	<i>% Change (2020– 2024)</i>
Revenue	5	7.5	11	14.5	18	13	260%
COGS (52%)	2.6	3.9	5.72	7.54	9.36	6.76	260%
Gross Profit	2.4	3.6	5.28	6.96	8.64	6.24	260%
Operating Expenses (24%)	1.2	1.8	2.64	3.48	4.32	3.12	260%
EBITDA	1.2	1.8	2.64	3.48	4.32	3.12	260%
Depreciation	0.18	0.22	0.26	0.3	0.34	0.16	89%
EBIT	1.02	1.58	2.38	3.18	3.98	2.96	290%
Interest Expense	0.05	0.05	0.04	0.03	0.03	-0.02	-40%
Profit Before Tax (PBT)	0.97	1.53	2.34	3.15	3.95	2.98	307%
Tax (25%)	0.24	0.38	0.59	0.79	0.99	0.75	313%
Net Profit	0.73	1.15	1.75	2.36	2.96	2.23	305%

## Analysis

- Sales has had been stable and consistent, rising from ₹5.00 crore in 2020 to ₹18.00 crore in 2024, growing by 260%, which shows the company's consistent expansion and increased market presence.
- Net profit improved from ₹0.73 crore to ₹2.96 crore over the same period, a 305% increase, indicating that the company's ability to convert sales into earnings has strengthened as it scaled.
- Depreciation and interest expense remained relatively low compared to revenue, helping maintain healthy profitability margins throughout the period.



**Fig 4.2.1 Showing Comparative Profit & Loss Account**

## Interpretation

The comparative P&L highlights that VTricks has achieved significant revenue and profit growth over the five years. The high percentage increases in both revenue and net profit demonstrate successful business development and operational efficiency. Despite the rise in COGS and operating expenses, the company has maintained strong profitability by controlling costs effectively. Overall, the results reflect a financially stable and growing enterprise with a promising outlook.

## 4.2.2 Comparative Balance Sheet (₹ in Crores)

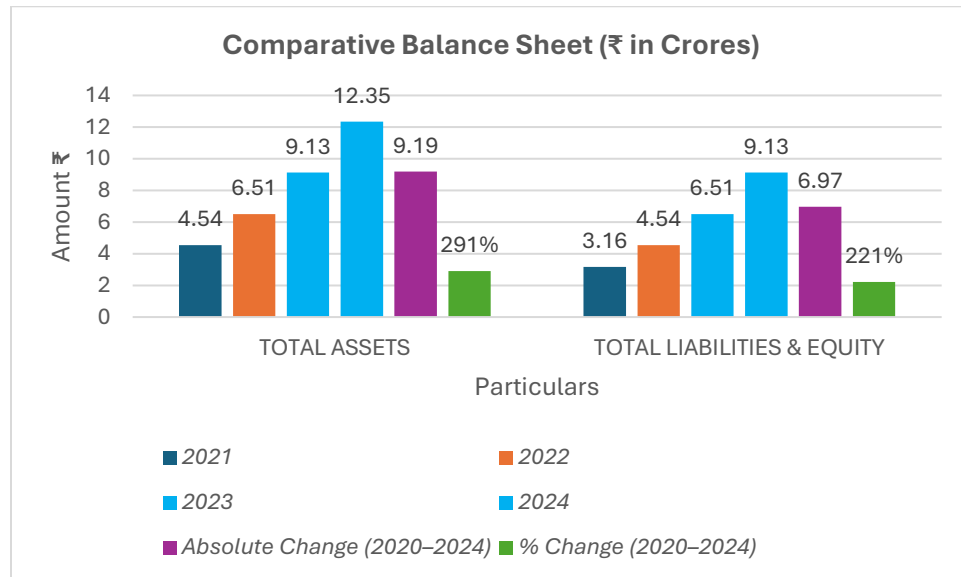
Table 4.2.2 Showing Comparative Balance Sheet

<i>Particulars</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>Absolute Change (2020– 2024)</i>	<i>% Change (2020– 2024)</i>
<b>Assets</b>							
Cash & Bank Balances	0.6	1.2	2.06	3.56	5.58	4.98	830%
Accounts Receivable	0.82	1.23	1.81	2.38	2.96	2.14	261%
Inventory	0.21	0.32	0.47	0.62	0.77	0.56	267%
Prepaid Expenses	0.06	0.07	0.08	0.09	0.1	0.04	67%
<b>Total Current Assets</b>	1.69	2.82	4.42	6.65	9.41	7.72	457%
Property, Plant & Equipment (Net)	1.12	1.3	1.59	1.89	2.25	1.13	101%
Intangible Assets	0.25	0.3	0.35	0.4	0.45	0.2	80%
Investments	0.1	0.12	0.15	0.19	0.24	0.14	140%
<b>Total Non- Current Assets</b>	1.47	1.72	2.09	2.48	2.94	1.47	100%
<b>TOTAL ASSETS</b>	3.16	4.54	6.51	9.13	12.35	9.19	291%

<b>Liabilities &amp; Equity</b>							
Accounts Payable	-	0.32	0.48	0.7	0.92	0.6	188%
Short-Term Debt	-	0.2	0.2	0.15	0.15	-0.05	-25%
Provisions	-	0.06	0.07	0.08	0.09	0.03	50%
<b>Total Current Liabilities</b>	-	0.58	0.75	0.93	1.16	0.58	100%
Long-Term Debt	-	0.2	0.2	0.15	0.1	-0.1	-50%
Deferred Tax Liability	-	0.05	0.05	0.05	0.05	0	0%
<b>Total Non-Current Liabilities</b>	-	0.25	0.25	0.2	0.15	-0.1	-40%
<b>Total Liabilities</b>	-	0.83	1	1.13	1.31	0.48	58%
Share Capital	-	1.5	1.5	1.5	1.5	0	0%
Retained Earnings	-	0.73	1.88	3.63	5.99	5.26	720%
<b>Total Equity</b>	-	2.23	3.38	5.13	7.49	5.26	236%
<b>TOTAL LIABILITIES &amp; EQUITY</b>	-	3.16	4.54	6.51	9.13	6.97	221%

## Analysis

- Total assets increased from ₹3.16 crore in 2020 to ₹12.35 crore in 2024, growing by 291%, with current assets contributing most of the rise, reflecting investments in cash, receivables, and inventory.
- Total equity expanded from ₹2.23 crore in 2021 to ₹7.49 crore in 2024, a growth of 236%, primarily due to higher retained earnings, which indicates sustained profitability and reinvestment into the business.
- While liabilities increased moderately, from ₹0.83 crore in 2021 to ₹1.31 crore in 2024, the company maintained a strong equity base, demonstrating prudent debt management and financial stability.



**Fig 4.2.2 Showing Comparative Balance Sheet**

## Interpretation

The side-by-side balance sheet highlights noteworthy growth in both assets and equity over the period. The large increase in current assets, especially cash and receivables, points to improved liquidity and efficient operational management. Accumulated profits have grown substantially, indicating that earnings are being plowed back to support expansion. The company's limited reliance on debt suggests a conservative financing approach, contributing to a healthy financial position and sustainable growth trajectory.

### 4.2.3 Common-Size Profit & Loss Account (₹ in Crores) (% of Revenue)

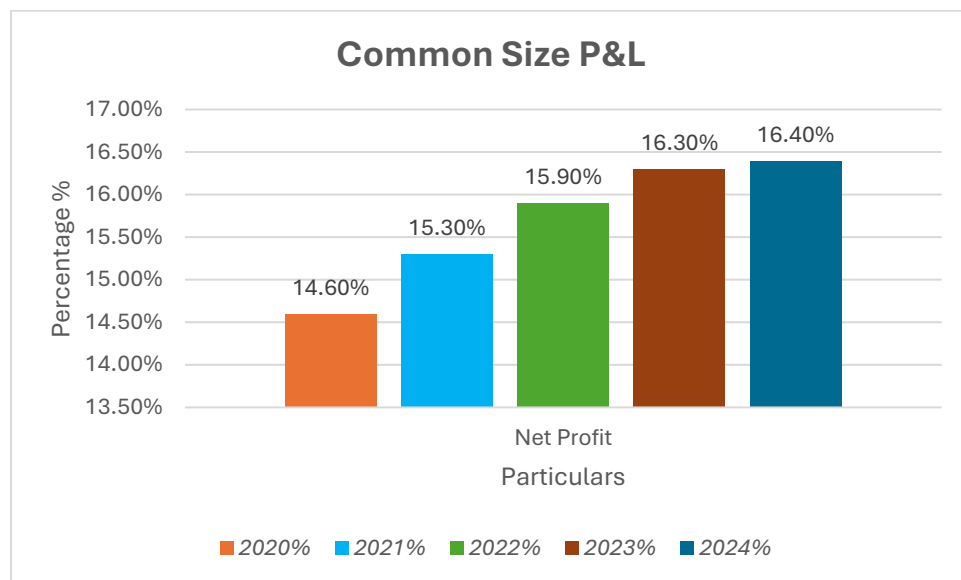
#### Common Size Analysis

Table 4.2.3 Showing Common-Size Profit & Loss Account

<i>Particulars</i>	<i>2020</i>	<i>2020%</i>	<i>2021</i>	<i>2021%</i>	<i>2022</i>	<i>2022%</i>	<i>2023</i>	<i>2023%</i>	<i>2024</i>	<i>2024%</i>
Revenue	5	100%	7.5	100%	11	100%	14.5	100%	18	100%
COGS (52%)	2.6	52%	3.9	52%	5.72	52%	7.54	52%	9.36	52%
Gross Profit	2.4	48%	3.6	48%	5.28	48%	6.96	48%	8.64	48%
Operating Expenses (24%)	1.2	24%	1.8	24%	2.64	24%	3.48	24%	4.32	24%
EBITDA	1.2	24%	1.8	24%	2.64	24%	3.48	24%	4.32	24%
Depreciation	0.18	3.60%	0.22	2.90%	0.26	2.40%	0.3	2.10%	0.34	1.90%
EBIT	1.02	20.40%	1.58	21.10%	2.38	21.60%	3.18	21.90%	3.98	22.10%
Interest Expense	0.05	1.00%	0.05	0.70%	0.04	0.40%	0.03	0.20%	0.03	0.20%
Profit Before Tax (PBT)	0.97	19.40%	1.53	20.40%	2.34	21.30%	3.15	21.70%	3.95	21.90%
Tax (25%)	0.24	4.80%	0.38	5.10%	0.59	5.40%	0.79	5.40%	0.99	5.50%
Net Profit	0.73	14.60%	1.15	15.30%	1.75	15.90%	2.36	16.30%	2.96	16.40%

## Analysis

- The proportions of COGS and gross profit have remained constant at 52% and 48% of revenue respectively, showing that the company's core operations and pricing strategy have been steady over the years.
- Operating expenses and EBITDA consistently stayed at 24% of revenue, suggesting that overheads have been managed effectively as the company expanded its operations.
- Net profit gradually improved from 14.6% in 2020 to 16.4% in 2024, indicating that despite rising costs, the company has been successful in boosting profitability through efficient operations.



**Fig 4.2.3 Showing Common-Size Profit & Loss Account**

## Interpretation:

The common-size statement clearly shows that VTricks has maintained a disciplined approach towards cost and profit management. Even as revenue increased from ₹5 Cr to ₹18 Cr, expenses and profits remained stable. The steady improvement in the net profit percentage reflects the company's progress towards better conversion of its revenue into earnings. Overall VTricks is growing in a controlled and efficient manner without letting costs spiral out of hand.

#### 4.2.4 Common-Size Balance Sheet (₹ in Crores) (% of Total Assets)

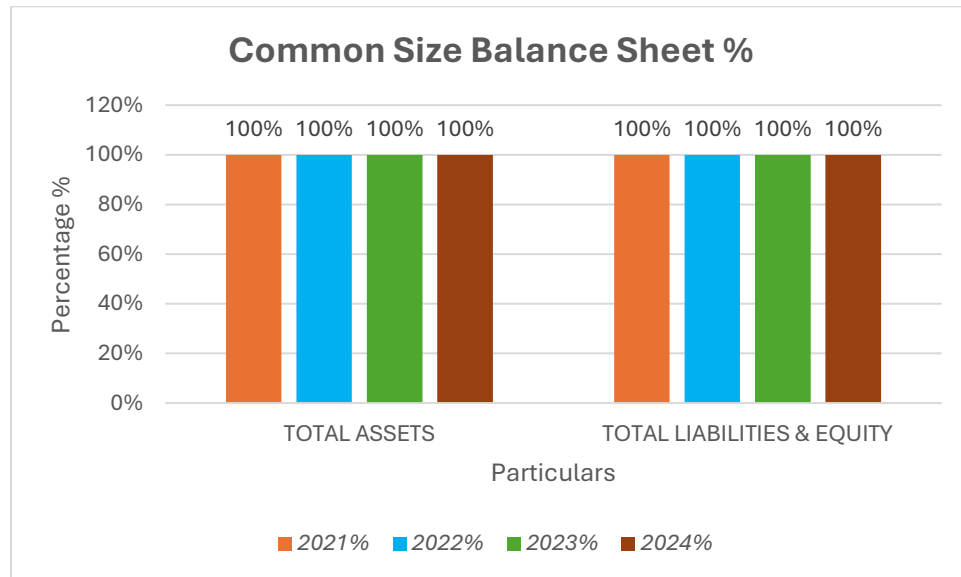
**Table 4.2.4 Showing Common-Size Balance Sheet**

<i>Particulars</i>	<i>2020</i>	<i>%</i>	<i>2021</i>	<i>%</i>	<i>2022</i>	<i>%</i>	<i>2023</i>	<i>%</i>	<i>2024</i>	<i>%</i>
<b>Assets</b>										
Cash & Bank Balances	0.6	19.00%	1.2	26.40%	2.06	31.60%	3.56	39.00%	5.58	45.20%
Accounts Receivable	0.82	25.90%	1.23	27.10%	1.81	27.80%	2.38	26.10%	2.96	24.00%
Inventory	0.21	6.60%	0.32	7.00%	0.47	7.20%	0.62	6.80%	0.77	6.20%
Prepaid Expenses	0.06	1.90%	0.07	1.50%	0.08	1.20%	0.09	1.00%	0.1	0.80%
<b>Total Current Assets</b>	1.69	53.50%	2.82	62.00%	4.42	67.80%	6.65	72.90%	9.41	76.10%
Property, Plant & Equipment (Net)	1.12	35.40%	1.3	28.60%	1.59	24.40%	1.89	20.70%	2.25	18.20%
Intangible Assets	0.25	7.90%	0.3	6.60%	0.35	5.40%	0.4	4.40%	0.45	3.60%
Investments	0.1	3.20%	0.12	2.60%	0.15	2.30%	0.19	2.10%	0.24	1.90%
<b>Total Non-Current Assets</b>	1.47	46.50%	1.72	38.00%	2.09	32.10%	2.48	27.10%	2.94	23.90%
<b>TOTAL ASSETS</b>	3.16	100%	4.54	100%	6.51	100%	9.13	100%	12.35	100%

<b>Liabilities &amp; Equity</b>										
Accounts Payable	-	-	0.32	7.00%	0.48	7.40%	0.7	7.70%	0.92	7.40%
Short-Term Debt	-	-	0.2	4.40%	0.2	3.10%	0.15	1.60%	0.15	1.20%
Provisions	-	-	0.06	1.30%	0.07	1.10%	0.08	0.90%	0.09	0.70%
<b>Total Current Liabilities</b>	-	-	0.58	12.80%	0.75	11.50%	0.93	10.20%	1.16	9.40%
Long-Term Debt	-	-	0.2	4.40%	0.2	3.10%	0.15	1.60%	0.1	0.80%
Deferred Tax Liability	-	-	0.05	1.10%	0.05	0.80%	0.05	0.50%	0.05	0.40%
<b>Total Non-Current Liabilities</b>	-	-	0.25	5.50%	0.25	3.90%	0.2	2.10%	0.15	1.20%
<b>Total Liabilities</b>	-	-	0.83	18.30%	1	15.40%	1.13	12.30%	1.31	10.60%
Share Capital	-	-	1.5	33.00%	1.5	23.00%	1.5	16.40%	1.5	12.10%
Retained Earnings	-	-	0.73	16.10%	1.88	28.90%	3.63	39.80%	5.99	48.50%
<b>Total Equity</b>	-	-	2.23	49.10%	3.38	51.90%	5.13	56.20%	7.49	60.60%
<b>TOTAL LIABILITIES &amp; EQUITY</b>	-	-	3.16	100%	4.54	100%	6.51	100%	9.13	100%

## Analysis

- Current assets steadily increased from 53.5% of total assets in 2020 to 76.1% in 2024, driven mainly by higher cash balances and receivables, showing improved liquidity and operational scale.
- Non-current assets declined from 46.5% in 2020 to 23.9% in 2024, indicating a shift in asset allocation toward working capital rather than long-term investments as the business grows.
- Total equity expanded from 49.1% of total assets in 2021 to 60.6% in 2024, with retained earnings becoming the largest component, reflecting strong profitability and reinvestment.



**Fig 4.2.4 Showing Common-Size Balance Sheet**

## Interpretation:

These values highlights the asset structure is siding with liquidity and receivables, which supports expanding operations and faster cash flow cycles. At the same time, investments in fixed assets and intangible assets remain stable but form a smaller proportion as the business focuses on short-term working capital. The rising share of equity, especially from retained earnings, demonstrates that the company’s growth is largely funded through its own profits, reducing reliance on debt and contributing to a healthier financial position.

### 4.3 Ratio Analysis

An important way to assess corporate financial standing by looking at how different parts in its finance affairs connected. By converting complicated financial information into clear performance indicators, it helps stakeholders understand key areas like profitability, cash flow management, debt, and how well operations are running. This method makes it easier to compare data across years, spot strengths and weaknesses, and support decision-making using meaningful insights rather than just numbers.

#### 4.3.1 Net Profit Margin

After-tax profit margin tells us how much of the firm's total income actually stays back as profit once all the costs — like day-to-day expenses, loan interest, and taxes — are taken care of. This key checks on profitability since showing the actual earnings which can pass itself to the owners or investors. A higher margin is a clear sign that the business is managing its costs well and is in a financially strong position.

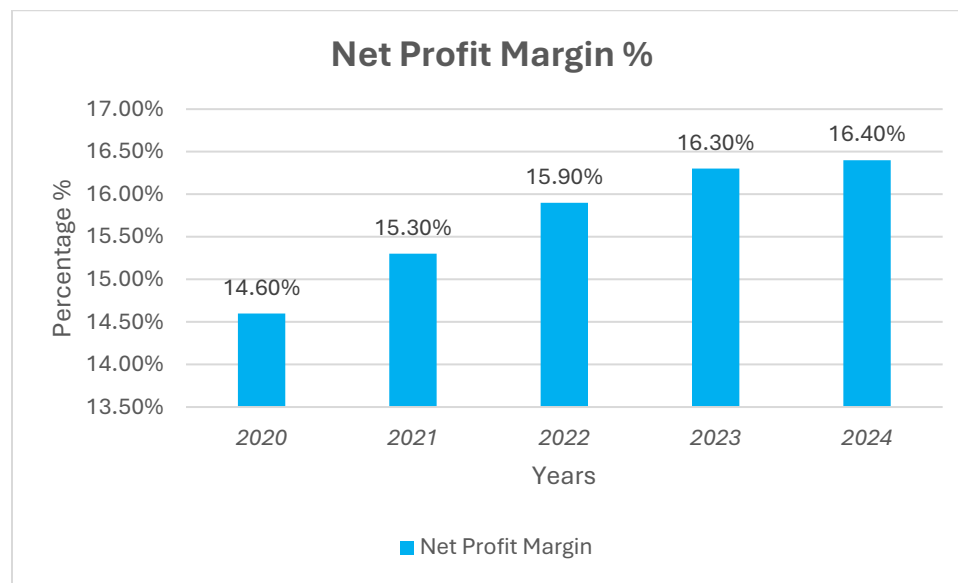
$$\text{Formula: Net Profit Margin} = \frac{\text{Net Profit}}{\text{Revenue}} * 100$$

**Table 4.3.1 Showing Net Profit Margin**

<i>Year</i>	<i>Revenue</i>	<i>Net Profit</i>	<i>Net Profit Margin</i>
2020	5	0.73	14.60%
2021	7.5	1.15	15.30%
2022	11	1.75	15.90%
2023	14.5	2.36	16.30%
2024	18	2.96	16.40%

## Analysis

- The after tax profit margin has stably progressed from 14.6% in 2020 to 16.4% in 2024, showing a gradual but consistent enhancement in profitability over the years.
- Even though the company's revenue has increased from 5cr to 18cr the net profit was kept in pace. This reflects the expenditure controls techniques being effective.
- The steady rise in the margin tells us that the corporate has had been able to make some adjustments in the expenses quite very efficiently while scaling up the operations.



**Fig 4.3.1 Showing Net Profit Margin**

## Interpretation:

The Trend in the net after tax profit margin does clearly indicate that the Vtricks has been growing in a financially healthy way. The Company has also maintained a good control over its costs which is resulting in the improved profitability and the gradual increase in the trend only shows its plans for adjusting the expenses and optimizing the pricing are working well.

The Steady improvement reflects a disciplined approach towards the growth and long term financial stability.

### 4.3.2 Gross Profit Margin

Shows the portion of revenue that is left after deducting the direct costs involved in delivering products or services (COGS). It gives an idea of efficiency of the company's run in its core operations and quality of its offerings price. A stable or increasing gross margin allows us to oversee the company's potential in maintaining its profitability even when sales volumes go up or down.

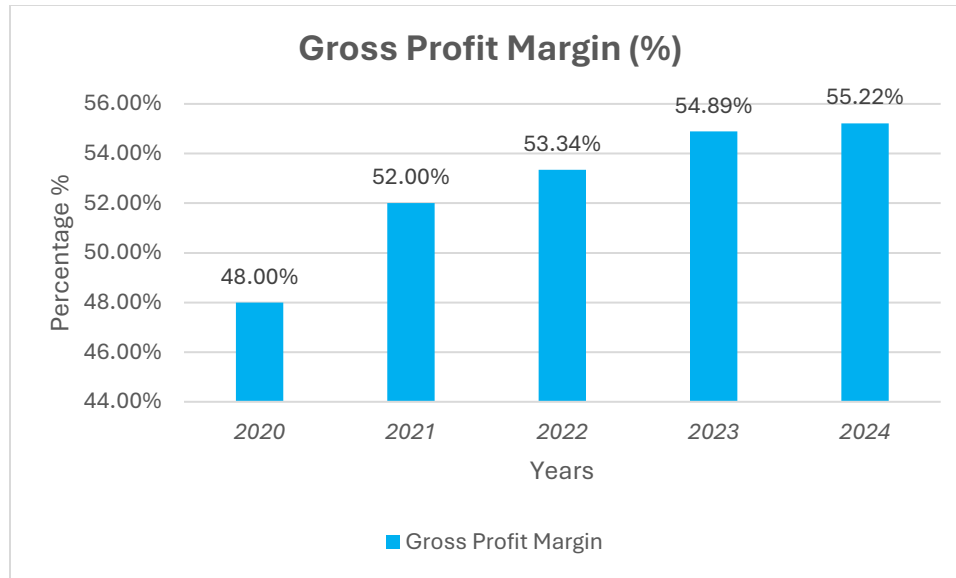
$$\text{Formula: Gross Profit Margin} = \frac{\text{Gross Profit}}{\text{Revenue}} * 100$$

**Table 4.3.2 Showing Gross Profit margin**

<i>Year</i>	<i>Revenue</i>	<i>Gross Profit</i>	<i>Gross Profit Margin</i>
2020	5	2.4	48.00%
2021	7.5	3.9	52.00%
2022	11	5.88	53.34%
2023	14.5	7.96	54.89%
2024	18	9.94	55.22%

#### Analysis

- Gross Income Shown progress every year, rising from 48% to 55.22% in 2024, which shows consistent elevation in the company's ability to control direct costs.
- Even with growing revenue—from ₹5 Cr to ₹18 Cr—the company has been successful in increasing its profitability by optimizing its service delivery and pricing.
- The steady improvement in margin indicates better cost management and efficient operations, especially as the business scales and takes on more projects.



**Fig 4.3.2 Showing Gross Profit margin**

**Interpretation:**

The trend in gross earnings rate shows VTricks is gradually improving the firmness of its main business activities by keeping direct costs under check. The company has ensured that a bigger portion of its earnings turns into profit. The continuous rise in margins year after year reflects smarter pricing policies and stronger negotiation with vendors.

### 4.3.3 Return on Assets (ROA)

Reflects to at what degree a company can transform its resources into earnings. It also displays the potential of administration to make productive use of assets such as cash, receivables, infrastructure, and intellectual property. A higher ROA means that each rupee tied up in assets is generating more profit which signals efficient resource management and better overall performance.

$$\text{Formula: Return on Assets} = \frac{\text{Net Profit}}{\text{Total Assets}} * 100$$

Table 4.3.3 Showing Return on Assets

<i>Year</i>	<i>Net Profit</i>	<i>Total Assets</i>	<i>ROA</i>
2020	0.73	3.16	23.10%
2021	1.15	4.54	25.30%
2022	1.75	6.51	26.90%
2023	2.36	9.13	25.80%
2024	2.96	12.35	24.00%

### Analysis

- ROA remained strong throughout the period, peaking at 26.9% in 2022 before slightly declining to 24% in 2024, allowing us to see that the firm has had reliably utilized its assets effectively to generate profits.
- Despite the significant increase in total assets from ₹3.16 crore in 2020 to ₹12.35 crore in 2024, net profit growth kept pace, preventing major declines in asset efficiency.
- The slight decrease in ROA after 2022 reflects asset expansion as the company invests in growth while maintaining profitability.

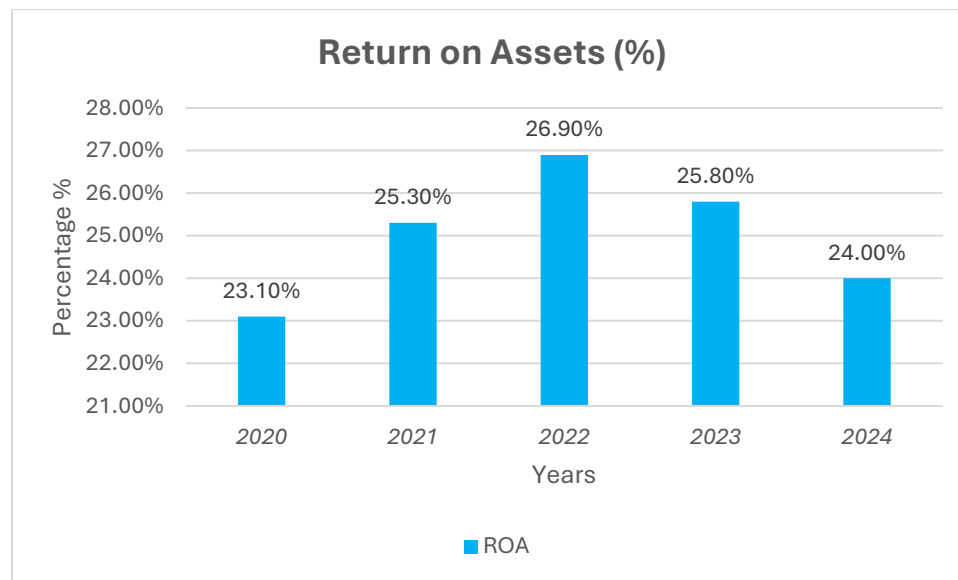


Fig 4.3.3 Showing Return on Assets

### Interpretation:

The ROA trend demonstrates about the firm making effective use of its assets to drive profitability, even while expanding its operations. Elevated ROA figures indicate that each unit of asset investment is contributing meaningfully to earnings, showcasing strong leadership and efficient processes. While there is a slight dip in ROA in the later years, this is a natural outcome of asset growth during expansion. Overall, the data points to a well-managed balance between building assets and generating profits, supporting sustainable and responsible growth.

### 4.3.4 Return on Equity

The ROE evaluates how well a company turns shareholders' equity into profit. It represents the returns generated from the capital invested by the owners. A higher ROE points to effective utilization of equity financing, whereas a declining ROE may signal slower profit expansion compared to accumulated earnings and additional equity funding.

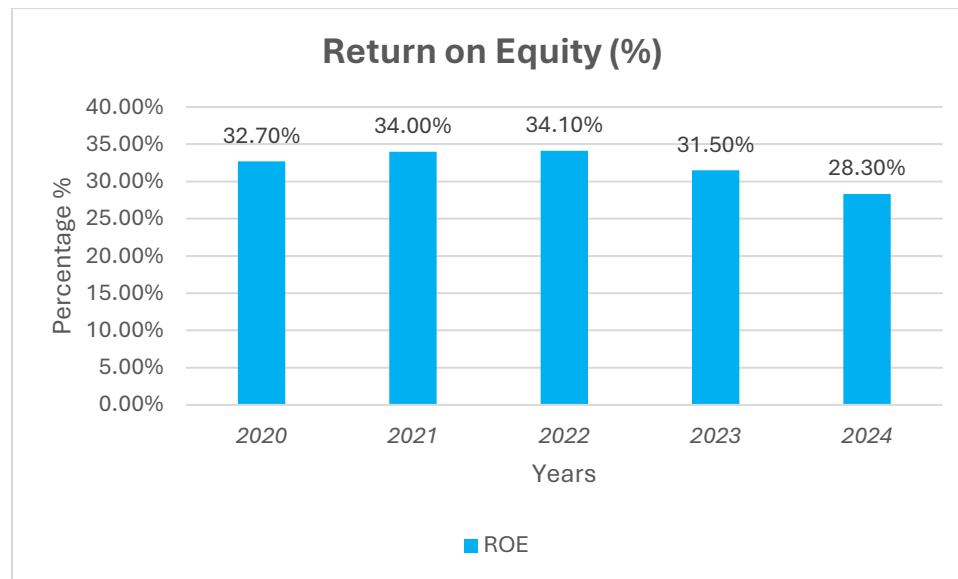
$$\text{Formula: Return on Equity} = \frac{\text{Net Profit}}{\text{Shareholders Equity}} * 100$$

**Table 4.3.4 Showing Return on Equity**

<i>Year</i>	<i>Net Profit</i>	<i>Equity</i>	<i>ROE</i>
2020	0.73	2.23	32.70%
2021	1.15	3.38	34.00%
2022	1.75	5.13	34.10%
2023	2.36	7.49	31.50%
2024	2.96	10.45	28.30%

### Analysis

- ROE remained high throughout the period, peaking at 34.1% in 2022 before gradually declining to 28.3% in 2024, indicating strong but slightly decreasing returns as equity expanded.
- The rise in net profit from ₹0.73 crore in 2020 to ₹2.96 crore in 2024 helped maintain high ROE levels despite the equity increasing from ₹2.23 crore to ₹10.45 crore.
- The decline after 2022 reflects the typical effect of equity growth as the company reinvests earnings to fund expansion while still generating solid returns.



**Fig 4.3.4 Showing Return on Equity**

### Interpretation:

The ROE data from 2020 to 2024 allows us to see that the firm effectively leveraged equity to cultivate strong profits. Even as equity more than quadrupled, ROE remained above 28%, highlighting efficient capital management. The slight decline in later years reflects strategic reinvestment rather than deteriorating performance, fostering long-term stability and strengthening investor confidence.

### 4.3.5 Current Ratio

Determines how good a firm would accommodate its short period liabilities with its existing current assets. A higher ratio indicates stronger short-term solvency, while an extreme low ratio points out to a liquidity risk. Typically, a ratio between 1.5 and 2.5 is considered healthy, though this can vary by industry.

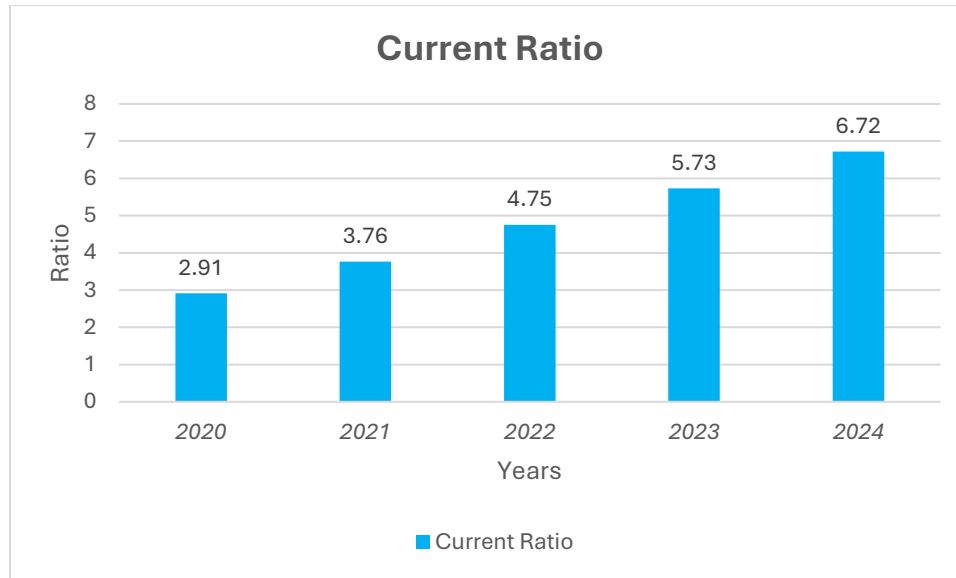
$$\textbf{Formula: Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

**Table 4.3.5 Showing Current Ratio**

<i>Year</i>	<i>Current Assets</i>	<i>Current Liabilities</i>	<i>Current Ratio</i>
2020	1.69	0.58	2.91
2021	2.82	0.75	3.76
2022	4.42	0.93	4.75
2023	6.65	1.16	5.73
2024	9.41	1.4	6.72

#### Analysis

- The current ratio increased steadily from 2.91 in 2020 to 6.72 in 2024, indicating a growing cushion of available assets relative to short-term debts.
- Current assets rose from ₹1.69 crore in 2020 to ₹9.41 crore in 2024, outpacing the increase in current liabilities from ₹0.58 crore to ₹1.40 crore.
- This trend reflects a stronger liquidity position as the company expands, ensuring it can meet short-term obligations comfortably.



**Fig 4.3.5 Showing Current Ratio**

**Interpretation:**

Between 2020 and 2024, this ratio shows that the company's short-term financial strength has notably increased, as assets growing much faster than liabilities. The rising ratio suggests that VTricks is well positioned to handle working capital needs as it scales. Even with increased operations, the company maintains a robust capacity to fulfill immediate financial obligations.

### 4.3.6 Quick Ratio

Acid-Test Ratio can also be named as Quick Ratio, refines liquidity analysis by removing stock from the current assets. Because stock may not always be quickly turned into cash, this ratio focuses only on readily accessible resources like receivables and cash.

$$\text{Formula: Quick Ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$$

Table 4.3.6 Showing Quick Ratio

<i>Year</i>	<i>Current Assets</i>	<i>Inventory</i>	<i>Current Liabilities</i>	<i>Quick Ratio</i>
2020	1.69	0.21	0.58	2.55
2021	2.82	0.32	0.75	3.33
2022	4.42	0.47	0.93	4.24
2023	6.65	0.62	1.16	5.19
2024	9.41	0.77	1.4	6.17

### Analysis

- Quick ratio improved steadily from 2.55 - 6.17 in 2024, indicating that the company's liquid assets, excluding inventory, have grown faster than current liabilities.
- Inventory as a portion of liquid assets(CA) remained low, increasing only from ₹0.21 crore in to ₹0.77 crore in 2024, contributing to a stronger liquidity profile.
- The widening gap between available assets and short-term liabilities, coupled with controlled inventory levels, indicates the company's focus on focusing on efficient cash and receivables management.

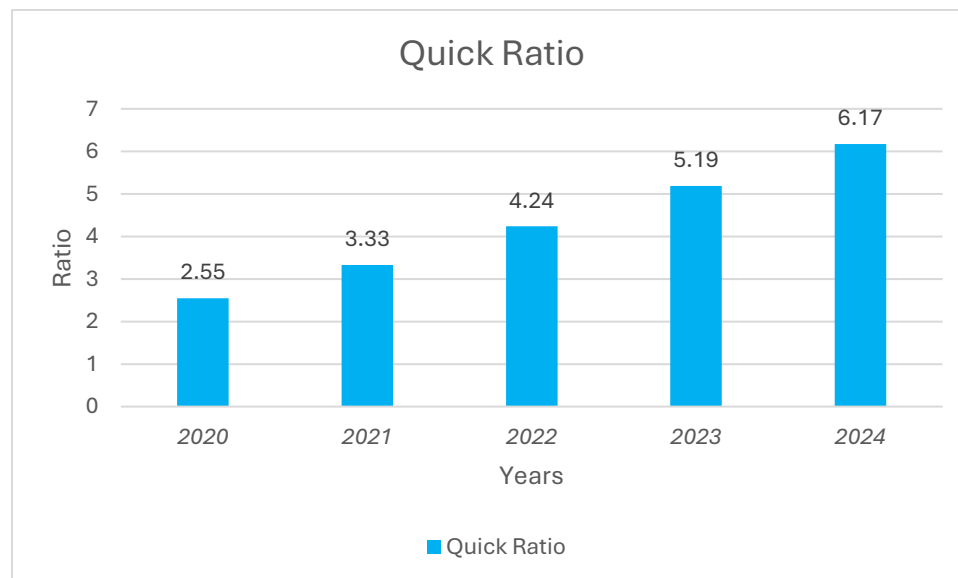


Fig 4.3.6 Showing Quick Ratio

### Interpretation:

From 2020 to 2024, the quick ratio shows that VTricks' liquidity position has strengthened, with available liquid assets improving significantly relative to short-term obligations. The low inventory proportion supports this trend, as working capital is not heavily tied up in stock. These results indicate the company's preparedness to handle operational cash requirements effectively while pursuing growth.

### 4.3.7 Debt-to-Equity Ratio

Reflects the link between debt financing compared to shareholders' equity. It reflects the longevity to where the company's growth is funded by borrowings versus owners' funds. A lower ratio signals conservative financing, while a very high ratio points to increased financial risk.

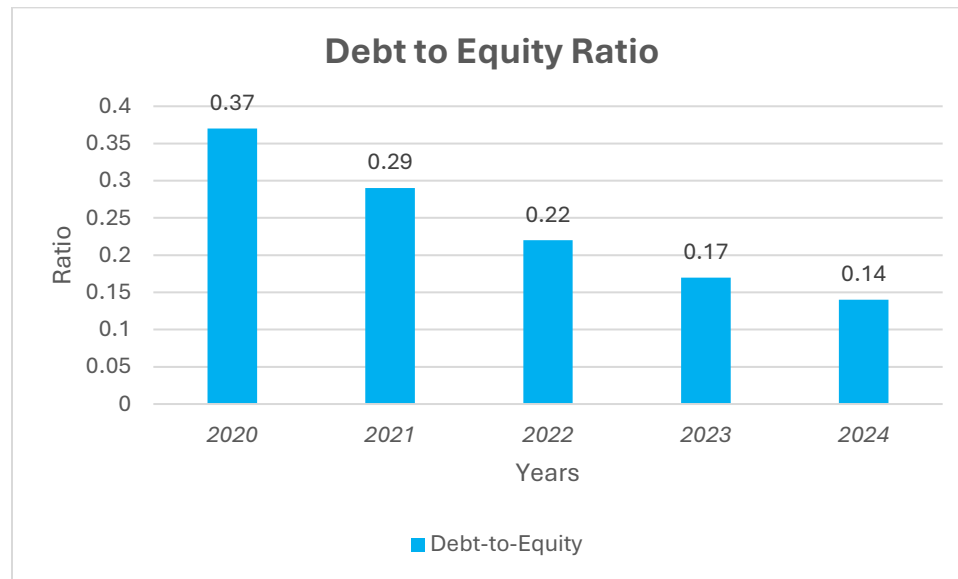
$$\text{Formula: Debt to Equity Ratio} = \frac{\text{Total Debt}}{\text{Shareholders' Equity}}$$

**Table 4.3.7 Showing Debt to Equity Ratio**

<i>Year</i>	<i>Total Debt</i>	<i>Equity</i>	<i>Debt-to-Equity</i>
2020	0.83	2.23	0.37
2021	1	3.38	0.29
2022	1.13	5.13	0.22
2023	1.31	7.49	0.17
2024	1.5	10.45	0.14

### Analysis

- The debt-to-equity ratio declined from 0.37 in 2020 to 0.14 in 2024, indicating that the company's reliance on debt has steadily reduced over the years.
- Overall debt edged up from ₹0.83 crore at the start of 2020 to ₹1.50 crore in 2024, while equity grew significantly from ₹2.23 crore to ₹10.45 crore.
- This trend reflects a stronger equity base, showing that growth is being funded more through retained earnings than external borrowing.



**Fig 4.3.7 Showing Debt to Equity Ratio**

### Interpretation:

Between 2020 and 2024, the decreasing debt-to-equity ratio highlights the company's shift toward financing expansion through internal resources rather than loans. The significant increase in equity shows healthy profitability and reinvestment. The reduced debt reliance improves the company's financial stability and lowers risk, supporting long-term growth prospects.

### 4.3.8 Interest Coverage Ratio

Shows the company's capacity to reach interest expenses with the use of operating earnings (EBIT). A larger ratio means greater capacity to fulfill debt servicing requirements, while a low ratio suggests financial stress.

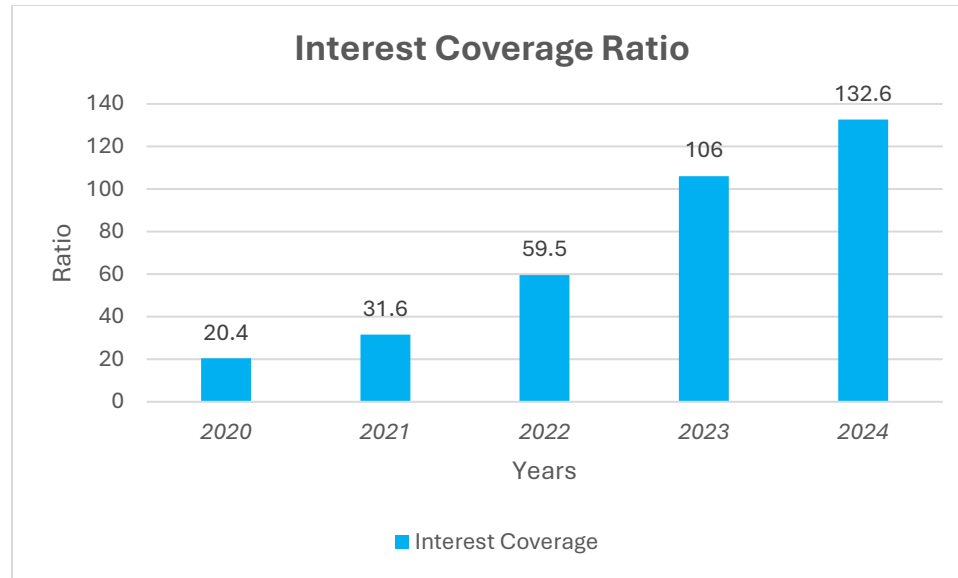
$$\text{Formula: Interest Coverage Ratio} = \frac{\text{EBIT}}{\text{Interest Expense}}$$

**Table 4.3.8 Showing Interest Coverage Ratio**

<i>Year</i>	<i>EBIT</i>	<i>Interest Expense</i>	<i>Interest Coverage</i>
2020	1.02	0.05	20.4
2021	1.58	0.05	31.6
2022	2.38	0.04	59.5
2023	3.18	0.03	106
2024	3.98	0.03	132.6

#### Analysis

- The interest coverage ratio improved significantly from 20.4 in 2020 to 132.6 in 2024, indicating that operating profits before financing costs have become much larger relative to interest expenses.
- EBIT increased from ₹1.02 crore in 2020 to ₹3.98 crore in 2024, while interest expense remained low and even declined slightly from ₹0.05 crore to ₹0.03 crore.
- This shows the company's growing ability to cover interest obligations comfortably, with improved operational efficiency and prudent financing.



**Fig 4.3.8 Showing Interest Coverage Ratio**

**Interpretation:**

Trend in interest coverage highlights that VTricks is handling its borrowings with care while steadily growing its earnings and Profits have increased at a quicker pace compared to the relatively small interest costs which helps in showing that loan obligations are comfortably managed and this points to strong financial discipline and reassures stakeholders that the company can pursue growth without the burden of debt-related stress.

### 4.3.9 Asset Turnover Ratio

Shows at what degree a venture is employing its resources to drive sales. Firms Maintaning higher ratio indicates assets actively put to productive use and are contributing effectively to generating revenue. A declining ratio suggests that assets are increasing faster than sales which shows indication in hinting at possible inefficiencies in operations.

$$\text{Formula: Asset Turnover} = \frac{\text{Revenue}}{\text{Total Assets}}$$

Table 4.3.9 Asset Turnover Ratio

<i>Year</i>	<i>Revenue</i>	<i>Total Assets</i>	<i>Asset Turnover</i>
2020	5	3.16	1.58
2021	7.5	4.54	1.65
2022	11	6.51	1.69
2023	14.5	9.13	1.59
2024	18	12.35	1.46

**Analysis**

- Asset turnover stayed fairly steady, moving from 1.58 in 2020 to 1.46 in 2024, indicating that each rupee of assets generates a consistent level of revenue over time.
- Revenue increased from ₹5 crore in 2020 to ₹18 crore in 2024, while total assets expanded from ₹3.16 crore to ₹12.35 crore, reflecting growth in operations and asset base.
- The slight decline in turnover after 2022 suggests that asset additions for expansion have outpaced revenue growth, which is typical during scaling phases.



Fig 4.3.9 Asset Turnover Ratio

### Interpretation:

Between 2020 and 2024, asset turnover demonstrates that VTricks has made effective employment of assets that generate revenue, though growth-driven asset expansion slightly lowered the ratio in later years. Despite this, each asset rupee continues to support substantial revenue. The results indicate healthy operational productivity as the company invests in scaling its business.

### 4.3.10 Receivable Turnover Ratio

Determines the effectiveness of a company that gathers payments from its credit customers. A greater ratio means faster collections and stronger cash flow, whereas a smaller ratio suggests delayed payments.

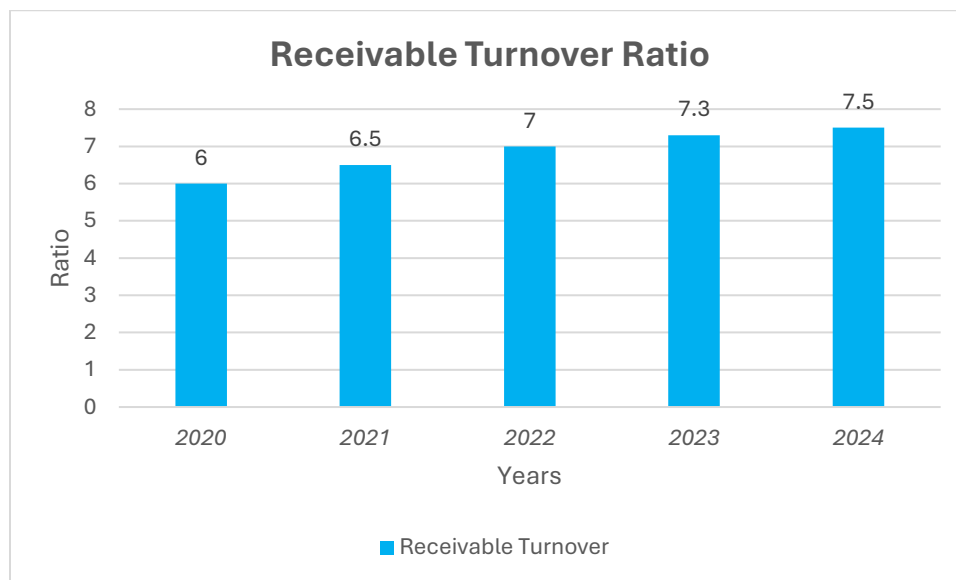
$$\text{Formula: Receivable Turnover} = \frac{\text{Revenue}}{\text{Accounts Receivable}}$$

**Table 4.3.10 Showing Receivable Ratio**

<i>Year</i>	<i>Revenue</i>	<i>Accounts Receivable</i>	<i>Receivable Turnover</i>
2020	5	0.83	6
2021	7.5	1.15	6.5
2022	11	1.57	7
2023	14.5	1.99	7.3
2024	18	2.4	7.5

## Analysis

- The receivable turnover has improved steadily from 6 to 7.5 in 2024, hinting the firm is attaining payments more efficiently from customers over the years.
- While revenue has grown from ₹5 Cr to ₹18 Cr, accounts receivable have increased at a much slower pace, contributing to the rise in turnover.
- The gradual improvement suggests the corporate's is strengthening its credit control processes and ensuring that customer payments are being received promptly.



**Fig 4.3.10 Showing Receivable Ratio**

## Interpretation:

The trend in receivable turnover shows that VTricks is becoming better at managing its collections as its business expands. Even with rising sales, the firm managed to keep customer payments from piling up, which turns up to be a good sign of financial discipline. A higher turnover means better cash flow, helping the company meet its day-to-day needs without delays. This efficiency will support smooth operations and further growth in approaching years.

### 4.3.11 Inventory Turnover Ratio

Displays how good a company handles its belonging stock by contrasting its amount required for the sales with the average stock or inventory held. A higher ratio means that inventory is being sold or used quickly, which helps in reducing holding costs and keeping working capital efficient.

$$\text{Formula: Inventory Turnover} = \frac{\text{Cost of Goods Sold}}{\text{Inventory}}$$

**Table 4.3.11 Showing Inventory Turnover Ratio**

<i>Year</i>	<i>COGS</i>	<i>Inventory</i>	<i>Inventory Turnover</i>
2020	2.6	0.21	12.38
2021	3.9	0.32	12.18
2022	5.72	0.47	12.17
2023	7.54	0.62	12.16
2024	9.36	0.77	12.15

#### Analysis

- The inventory turnover remained consistently around 12.15 to 12.38 between 2020 and 2024, indicating stable and efficient inventory management.
- Inventory increased from ₹0.21 Cr in 2020 to ₹0.77 Cr in 2024, while COGS rose from ₹2.6 Cr to ₹9.36 Cr, suggesting that inventory levels were scaled proportionally to meet operational needs.
- A high turnover indicates that inventory is being replenished and sold rapidly, minimizing holding costs and optimizing working capital.



**Fig 4.3.11 Showing Inventory Turnover Ratio**

**Interpretation:**

Between 2020 and 2024, the inventory turnover remained high and stable, signaling efficient inventory control despite substantial increases in production and sales. The modest rise in inventory relative to COGS shows the company's ability to balance stock levels while expanding operations. This efficiency helps maintain liquidity and supports seamless supply chain management.

## 4.4 Break Even Analysis

Break-even analysis helps determine the level of sales where a company's total revenue is been able to match total costs, meaning it neither makes a profit nor suffers a loss. This method is very useful for planning and assessing risks, supports firms in estimating the amount they need to sell in order to cover their expenses and become financially stable.

**Assumptions:**

- Fixed expenses involves salaries, office rent, software licenses, and other overheads that remain unchanged regardless of how much the company sells.

- Variable costs mainly consist of service-related expenses like cloud hosting charges, third-party licenses, and direct labor costs, which increase with the level of sales.
- The contribution margin is assumed to be 40%, meaning that the company's cost structure and pricing approach are expected to remain consistent throughout the years.

$$\text{Formula: Break Even Sales} = \frac{\text{Fixed Costs}}{\text{Contribution Margin}}$$

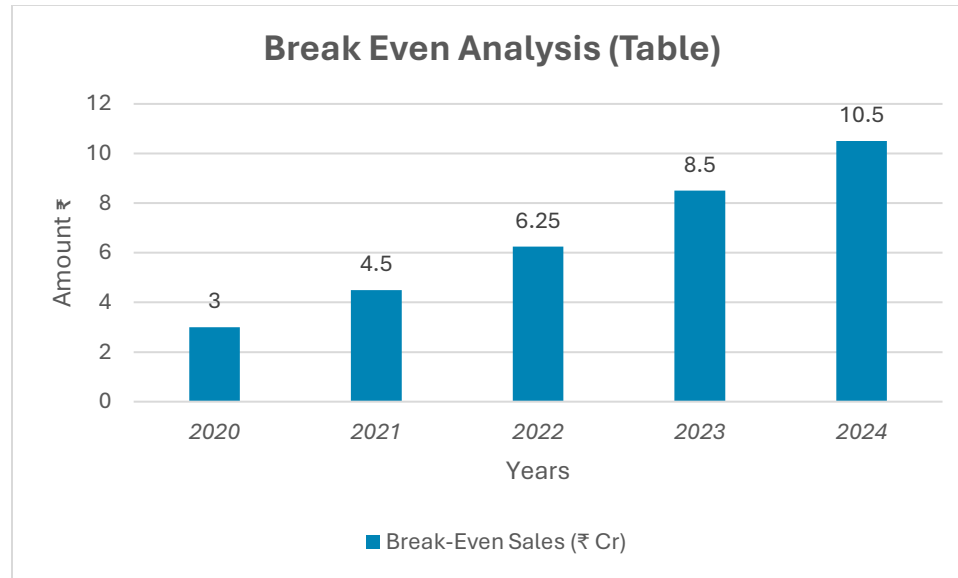
$$\text{Contribution Margin} = \frac{(\text{Revenue} - \text{Variable Costs})}{\text{Revenue}}$$

**Table 4.4 Showing Break Even Table**

<i>Year</i>	<i>Fixed Costs (₹ Cr)</i>	<i>Revenue (₹ Cr)</i>	<i>Variable Costs (₹ Cr)</i>	<i>Contribution Margin (%)</i>	<i>Break-Even Sales (₹ Cr)</i>
2020	1.2	5	3	40%	3
2021	1.8	7.5	4.5	40%	4.5
2022	2.5	11	6.6	40%	6.25
2023	3.4	14.5	8.7	40%	8.5
2024	4.2	18	10.8	40%	10.5

#### Analysis

- Fixed costs rose steadily from ₹1.2 Cr in 2020 to ₹4.2 Cr in 2024, driving up the break-even sales requirement each year.
- Break-even sales increased from ₹3 Cr in 2020 to ₹10.5 Cr in 2024, showing higher revenue thresholds to cover costs.
- Despite rising costs, actual revenue (₹5 Cr in 2020 to ₹18 Cr in 2024) consistently stayed above break-even, ensuring profitability.



**Fig 4.4 Showing Break Even Table**

#### **Interpretation:**

The break-even analysis shows that VTricks' required sales to cover costs increased steadily from ₹3.00 Cr in 2020 to ₹10.50 Cr in 2024 as fixed costs rose with its growth. However, with a consistent contribution margin of 40%, the company's pricing and cost management practices remained stable. Importantly, actual sales were always above the break-even threshold, suggesting that VTricks' expansion is financially sound. This analysis confirms that the company's investments in infrastructure and workforce are supported by revenue growth, while also identifying opportunities where cost management will be key to sustaining profitability as it scales further.

## **4.5 Productivity Analysis**

### **4.5.1 Revenue per Employee**

It's a simple but meaningful way to see the amount of gain each member of the team is bringing in. The measure shows the portion of sales credited to every employee and helps track performance across years or even against rivals. As the company hires more people, keeping this figure steady or improving is vital to ensure efficiency stays intact and isn't weakened by growth.

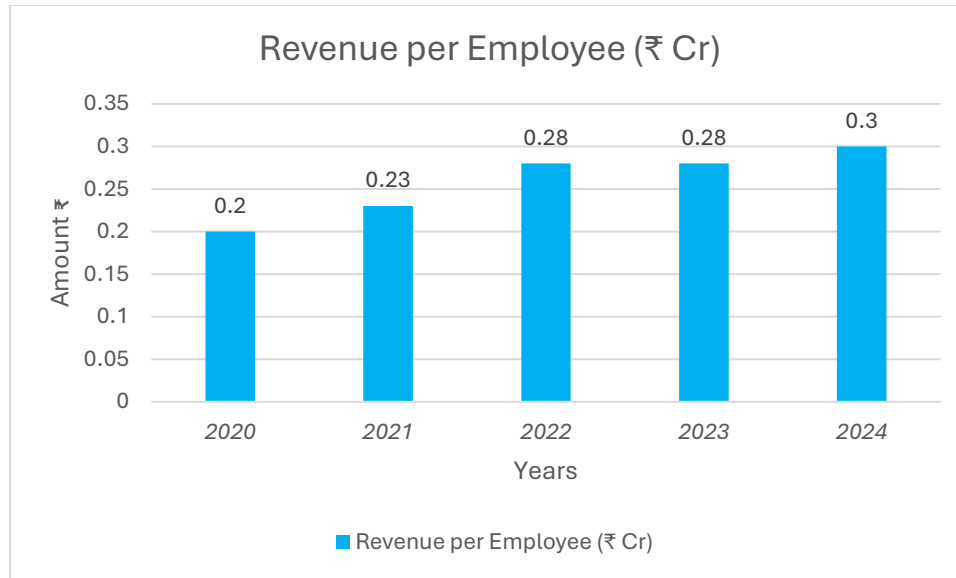
$$\text{Formula: Revenue per Employee} = \frac{\text{Revenue}}{\text{Number of Employees}}$$

**Table 4.5.1 Showing Revenue per Employee**

<i>Year</i>	<i>Revenue (₹ Cr)</i>	<i>Employees</i>	<i>Revenue per Employee (₹ Cr)</i>
2020	5	25	0.2
2021	7.5	32	0.23
2022	11	40	0.28
2023	14.5	52	0.28
2024	18	60	0.3

#### Analysis

- The revenue per employee has improved from ₹0.20 Cr in 2020 to ₹0.30 Cr in 2024, indicating that the company's workforce has been contributing more effectively to sales over time.
- Even as the employee count has increased from twenty-five to sixty, the revenue growth has beat and outpaced the hiring this helps in improving the productivity levels.
- The stable rise in the later years helps to reflect the company's focus on optimizing its human resources while scaling up its operations.



**Fig 4.5.1 Showing Revenue per Employee**

#### **Interpretation:**

These figures makes it very clear that Vtricks has managed to expand while keeping its own workforce efficient. Even as more of the employees were added to the support the growing business the company has was still maintained or even improved the revenue that has been generated per person.

This is the factor that shows that new hiring are being absorbed very productively and the expenses are also being managed very wisely which shows a smart balance between the team growth and the income generation.

### **4.5.2 Profit per Employee**

#### **Measuring Real Contribution:**

Profit per employee looks deeper than just revenue by showing how much actual profit each staff member adds after covering all costs. It directly links team size to the company's bottom line, making it easier to judge whether new hiring and investments are truly boosting overall profitability.

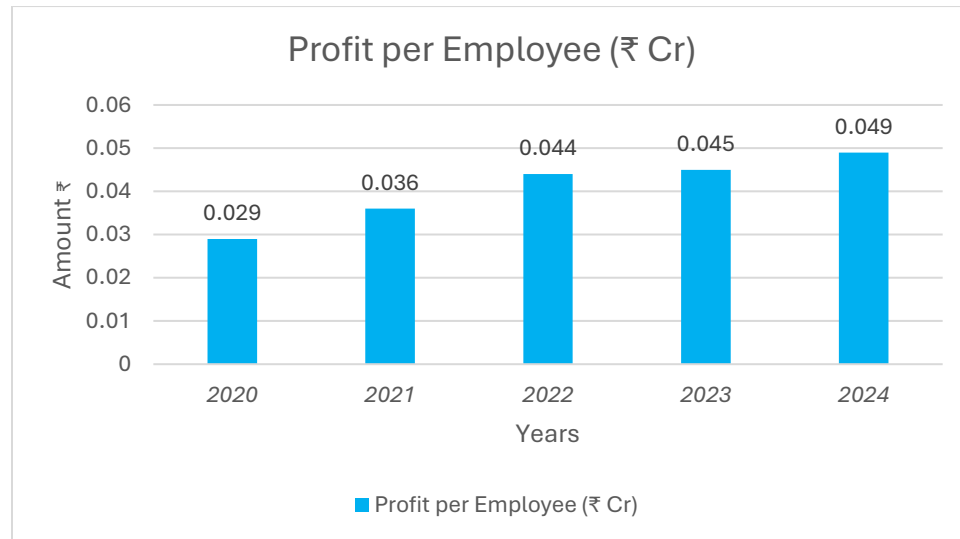
$$\text{Formula: Profit per Employee} = \frac{\text{Net Profit}}{\text{Number of Employees}}$$

**Table 4.5.2 Showing Profit Per Employee**

<i>Year</i>	<i>Net Profit (₹ Cr)</i>	<i>Employees</i>	<i>Profit per Employee (₹ Cr)</i>
2020	0.73	25	0.029
2021	1.15	32	0.036
2022	1.75	40	0.044
2023	2.36	52	0.045
2024	2.96	60	0.049

**Analysis**

- Profit per employee steadily increased from ₹0.029 Cr in 2020 to ₹0.049 Cr in 2024, indicating improved profitability per staff member.
- Even as the workforce expanded from 25 to 60 employees, net profit growth outpaced headcount increases, contributing to efficiency.
- This upward trend reflects the company's ability to scale operations while enhancing individual productivity and profitability.

**Fig 4.5.2 Showing Profit Per Employee**

**Interpretation:**

Employee profitability improved from ₹0.029 Cr in 2020 to ₹0.049 Cr in 2024, demonstrating that VTricks' workforce expansion was accompanied by better cost management and enhanced operational efficiency. The steady increase suggests that each employee's contribution to the bottom line strengthened over time, even as fixed costs rose. This trend reinforces the company's ability to scale intelligently, ensuring that investments in manpower translate into tangible profitability gains.

**4.6 Growth Analysis (CAGR of Revenue, Net Profit, and Equity)**

Growth is the heartbeat of any expanding business, especially for an SME like VTricks. While absolute numbers like revenue or profit tell us where the company stands today, growth analysis helps us understand how fast it's moving from stage to stage. A commonly relied-on measure of growth is the Compound Annual Growth Rate (CAGR), which smooths out yearly fluctuations and offers deeper insights into long-term trends. It answers critical questions: Is the company growing steadily? Are profits scaling with investments? Is equity building at a sustainable pace?

**Relevance to VTricks**

For VTricks, monitoring growth across revenue, profit, and equity is essential to track performance and guide strategic decisions. When a company ventures into new markets, expands its workforce, or invests in advanced technologies, it is crucial to ensure that these moves translate into steady and lasting growth. Studying the Compound Annual Growth Rate (CAGR) allows management to identify areas of strong momentum and areas that need more focus. This helps in making smarter choices on investments, cost control, and scaling up without creating financial stress. At the same time, such growth measures give investors, lenders, and partners a clear picture of the way business is progressing and how resilient it is in the future.

- CAGR smooths out yearly ups and downs to show a true long-term growth picture.
- Guides leadership in aligning decisions with sustainable expansion goals.

- Builds trust with stakeholders by presenting a transparent view of business progress.
- Assists in planning for workforce growth, capital investments, and market entry.

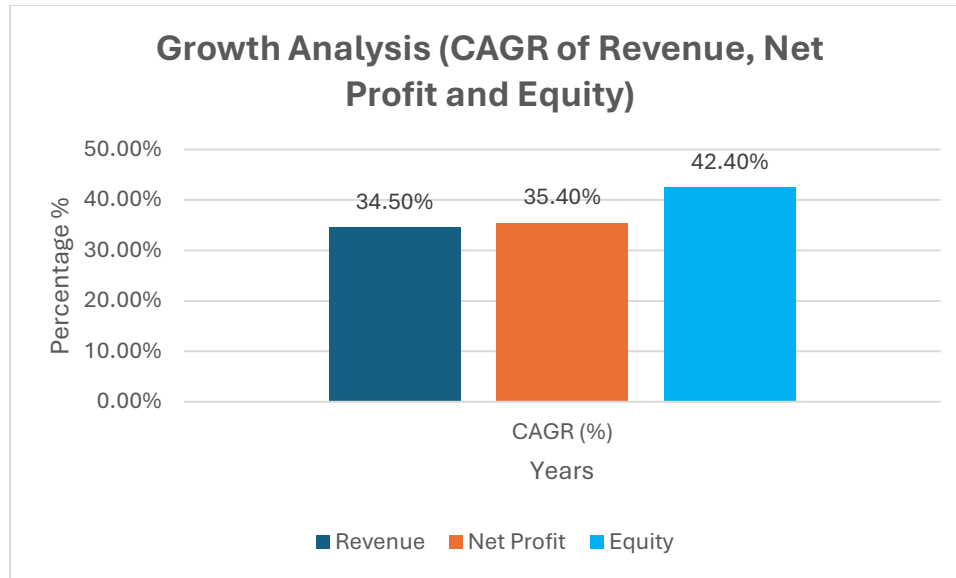
$$\text{Formula: } CAGR = \left[ \left( \frac{\text{Ending Value}}{\text{Beginning Value}} \right)^{\frac{1}{\text{Number of Years}}} - 1 \right] * 100$$

**Table 4.6 Showing Growth Analysis**

<i>Metric</i>	<i>2020 Value (₹ Cr)</i>	<i>2024 Value (₹ Cr)</i>	<i>Number of Years</i>	<i>CAGR (%)</i>
<i>Revenue</i>	5	18	4	34.50%
<i>Net Profit</i>	0.73	2.96	4	35.40%
<i>Equity</i>	2.23	10.45	4	42.40%

#### **Growth Analysis**

- Revenue grew from ₹5 Cr in 2021 to ₹18 Cr in 2024, achieving a CAGR of 34.5%, showing strong expansion over the period.
- Net profit rose from ₹0.73 Cr to ₹2.96 Cr, with a CAGR of 35.4%, reflecting healthy profitability alongside growth.
- Equity surged from ₹2.23 Cr to ₹10.45 Cr, growing at a CAGR of 42.4%, indicating reinvestment and retained earnings supporting the company's long-term stability.



**Fig 4.6 Showing Growth Analysis**

### Interpretation

The growth analysis shows that VTricks has achieved robust expansion across all key areas between 2020 and 2024. Revenue grew at a compound annual rate of 34.5%, reflecting aggressive but controlled scaling in client acquisition and service delivery. Net profit kept pace with revenue, growing at 35.4% CAGR, suggesting that cost management and functional efficiency have been maintained even as the firm has expanded. The most striking figure is the 42.4% CAGR in equity, which signals that the company has been successful in reinvesting profits and building a solid capital base to support further growth.

These figures confirm that VTricks is not only expanding but doing so in a sustainable way — managing costs, optimizing operations, and strengthening its financial foundation. Growth metrics like these give management the confidence to invest in new opportunities while assuring stakeholders that the company's upward trajectory is backed by sound fundamentals.

## **Chapter 5: Findings, Conclusion and Suggestions**

### **5.1 Findings**

- The IT field has developed a key driver for businesses, with digital transformation, cloud computing, automation, and advanced technologies helping companies grow, especially SMEs like VTricks.
- VTricks' financial performance shows steady improvements in important areas like revenue, profitability, and equity, which reflects careful financial planning and effective control over operational costs.
- Profitability ratios, such as Net Profit Margin and Gross Profit Margin, indicate that the company is managing costs well, refining pricing approaches, and sustaining earnings even as the business grows.
- ROA and ROE shows the firm's usage of assets and shareholders' investments wisely to generate profits, helping it expand sustainably.
- Current Ratio and Quick Ratio highlight the company's better equipped measures to meet short-term financial needs, supported by stable asset growth and efficient handling of customer payments.
- Solvency analysis confirms that VTricks is using debt in a careful manner, with manageable borrowing and enough equity to support growth without putting financial health at risk.
- Efficiency ratios, including Asset Turnover and Receivable Turnover, reflect that the company is running its operations smoothly and turning assets and customer payments into cash flow even as it expands.
- Break-even analysis shows that the company's pricing and cost management strategies are strong, ensuring that investments in infrastructure and manpower are well-supported by revenue growth and disciplined operations.
- Revenue and Profit per Employee metrics show that the company's workforce is becoming more productive, with each employee contributing more effectively to the company's profits as it scales.

- Growth analysis using CAGR gives significant understanding of the business's long-range development, helping leaders to form calculated decisions, assign resources better, and ensure that expansion is financially sustainable.
- Overall, the report demonstrates that VTricks is well-positioned to grow while keeping financial discipline, making the most of its workforce and technology investments to achieve both immediate efficiency and long-term profitability.

## **5.2 Suggestions**

- **Strengthen Cost Management Practices**  
Keep working on reducing both fixed and variable costs by regularly reviewing how expenses are structured, negotiating better deals with vendors, and using budgeting tools to ensure profitability is protected as the company grows.
- **Enhance Revenue Diversification**  
Look for new services, partnerships, or markets to expand into, so the company doesn't rely too much on its current clients. This will help spread risks and open up more opportunities for growth.
- **Focus on Workforce Training and Development**  
Invest in upskilling employees with new certifications and training programs so they stay updated with the latest technologies, resulting in progressed efficiency and help deliver services better.
- **Maintain a Healthy Debt-to-Equity Balance**  
Borrow carefully and secured new liabilities being used to different projects only that brings in revenue, helping the company stay financially stable while avoiding unnecessary risks.
- **Improve Working Capital Management**  
Keep a close eye on how quickly payments are collected and how inventory is managed. Using automated systems for billing and collections can further enhance cash flow and liquidity.
- **Monitor Key Financial Ratios Periodically**  
Set up a regular process to track important ratios like ROA, ROE, and liquidity

indicators so that management can spot trends early and make timely adjustments to operations.

- **Refine Break-Even and Pricing Strategies**

Review pricing models from time to time to ensure they match market trends, changes in input costs, and customer needs, helping the company stay profitable as it expands.

- **Leveraging Data Analytics for Planning (Strategic)**

Use advanced analytics tools to grasp customer behavior, cost drivers, and market opportunities better, allowing for smarter decisions that improve efficiency and support growth.

- **Strengthen Investor and Stakeholder Communication**

Provide clear and regular updates about the company's financial condition, growth plans, and the amount of less uncertainties that are being administered to build trust and secure support from investors, lenders, and other stakeholders.

- **Encourage Sustainable Growth Initiatives**

Focus on projects that balance expansion with long-term stability, ensuring that investments in technology, infrastructure, and talent contribute to both profitability and smooth operations.

### **5.3 Conclusion**

The financial analysis done for VTricks Technologies offers a detailed view of the company's present performance and how well it is preparing for future growth. The report shows that despite working in a highly competitive and fast-changing industry. The company has shown steady progress across crucial areas such as profitability, liquidity, solvency and overall efficiency of operations. Through sensible cost control, smart investment choices and well planned financial strategies Vtricks has been able to widen its operations while still maintaining discipline and safeguarding consistent profits.

Key indicators like rising revenues, stronger margins and healthy return ratios point to the firm's ability to successfully convert its investments into real and measurable outcomes.

Even as the business has grown, employee productivity and asset utilization have remain stable which helps in highlighting that the money put into talent and infrastructure is delivering practical benefits. Liquidity levels have also improved over the time ensuring the company can meet short term obligations without slowing down growth or affecting service quality.

On the solvency side, the analysis indicates that Vtricks is taking a careful financing route, relying less on outside borrowings and protecting its long term stability. This combined with disciplined handling of working capital, places the company in a solid position to grow consistently while avoiding any unnecessary financial risks. Moreover, the efficiency ratios show that the operations are running smoothly with assets and receivables contributing effectively to cash flow.

The growth outlook which is based on CAGR, gives further assurance that the company's progress is aligned with its goals. By regularly reviewing and refining key financial ratios, the management is can help in making efficient smart choices which can help both day-to-day operations and future scaling. Improvements in gross and net profit margins show that cost management and pricing strategies are bearing fruit.

At the same time, growth brings its own challenges. As VTricks invests more in hiring talent, upgrading infrastructure, and adopting new technologies and need to be sure to verify that these initiatives are cost-efficient and aligned with long-term profitability. Regular monitoring of financial metrics, open communication with stakeholders, and aim sustainable growth will act as a key in helping the company navigate complexities while grabbing new opportunities.

In conclusion, the report reflects a company that is expanding thoughtfully and with a strategic approach. VTricks' strengths in cost management, operational efficiency, and financial prudence provide a strong base for further scaling in the IT and SaaS sectors. By continuing to uphold disciplined financial practices and making decisions backed by reliable data and keeping sustainability as a central focus the company can stay strong and competitive in the coming years. With a steady and balanced approach to both investments and risk management, Vtricks is well placed to move closer to industry leadership while also building lasting value for its customers, employees and stakeholders.

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