

# A Study on Financial Performance and Ratio Analysis of EVOLVE ENERGY GROUP PVT LTD (2022–2026)

**Author Name: NITHISH S, Dr. A. PALANI**

**1.MBA Student, Sathyabama Institute of Science and Technology, Chennai**

**2. Assistant Professor, Sathyabama Institute of Science and Technology, Chennai**

**Email ID: [nithishzone@gmail.com](mailto:nithishzone@gmail.com) , [dr.a.palani@gmail.com](mailto:dr.a.palani@gmail.com)**

## ABSTRACT

Financial performance analysis plays an important role in understanding the financial health and stability of an organization. It helps in evaluating whether a company is efficiently managing its resources, maintaining liquidity, and ensuring long-term solvency. The present study focuses on analyzing the financial performance of EVOLVE ENERGY GROUP PVT LTD for the period from 2022 to 2026. The study mainly uses ratio analysis and trend analysis to measure profitability, liquidity, and solvency conditions. The findings show that the company recorded consistent improvement in profitability, with the gross profit ratio increasing from 22% to 26% and net profit ratio rising from 9% to 16%. Liquidity ratios also improved, as the current ratio increased from 1.50 to 2.30 and the quick ratio improved from 1.07 to 1.95. Solvency analysis indicated that the company reduced its reliance on debt, with the debt-equity ratio declining from 1.25 to 0.63. Trend analysis further confirmed that sales and profit showed steady growth during the study period. Overall, the study concludes that EVOLVE ENERGY GROUP PVT LTD has strong financial stability and growth potential.

**Keywords:** Financial Performance, Ratio Analysis, Liquidity, Profitability, Solvency, Trend Analysis, Renewable Energy

## 1. INTRODUCTION

Finance is one of the key functional areas in every organization because it determines how effectively resources are planned, controlled, and utilized. Proper financial management supports business growth, ensures smooth operations, and helps companies meet their short-term and long-term obligations. Financial performance analysis is a systematic process that evaluates a company's financial statements to understand its profitability, liquidity position, and solvency strength.

In recent years, the renewable energy industry has gained strong attention due to increasing electricity demand and rising awareness of environmental sustainability. Renewable energy firms require high capital investments and long-term project planning. Therefore, financial stability becomes a major factor for business survival and expansion.

This research evaluates the financial performance of EVOLVE ENERGY GROUP PVT LTD for the five-year period from 2022 to 2026 using ratio analysis and trend analysis.

## 2. OBJECTIVES OF THE STUDY

### 2.1 Primary Objective

- To evaluate the financial performance of EVOLVE ENERGY GROUP PVT LTD from 2022 to 2026.

### 2.2 Secondary Objectives

- To examine the profitability position using profitability ratios.
- To analyze liquidity performance using liquidity ratios.
- To evaluate solvency strength using solvency ratios.
- To study sales and profit growth using trend analysis.
- To provide findings and suggestions based on the analysis.

## 3. REVIEW OF LITERATURE

Financial performance analysis has been widely used by researchers to evaluate organizational stability and efficiency. Kumar (2019) stated that ratio analysis is an effective tool for measuring profitability and liquidity. Sharma and Mehta (2019) highlighted the importance of working capital management in improving profitability.

Ravi and Selvam (2019) explained that trend analysis helps in identifying long-term growth direction.

Chandra (2020) observed that solvency ratios such as the debt-equity ratio reflect long-term financial stability and risk. Johnson (2021) emphasized that renewable energy firms require strong financial planning due to high investment requirements. Taibi and Osterrieder (2026) concluded that structured financial frameworks support better decision-making and long-term strategic planning.

Overall, the literature confirms that ratio analysis and trend analysis are essential tools for evaluating financial health, especially in high-investment industries like renewable energy.

## **4. RESEARCH METHODOLOGY**

### **4.1 Research Design**

The study follows a descriptive research design, as it focuses on analyzing and interpreting financial information based on available financial statements.

### **4.2 Source of Data**

The study is based on secondary data, collected from:

- Balance Sheet
- Profit and Loss Account
- Journals, articles, and reference books
- Industry websites and reports

### **4.3 Period of Study**

The study covers five financial years, from 2022 to 2026.

### **4.4 Tools Used**

- Profitability Ratio Analysis
- Liquidity Ratio Analysis
- Solvency Ratio Analysis
- Trend Analysis
- Comparative Statement Analysis
- Common Size Statement Analysis

## 5. DATA ANALYSIS AND INTERPRETATION

### 5.1 Profitability Analysis

The gross profit ratio improved from 22% in 2022 to 26% in 2026, which shows that the company managed its direct costs effectively. The net profit ratio increased from 9% in 2022 to 16% in 2026, reflecting improved expense control and better earnings from sales.

### 5.2 Liquidity Analysis

The current ratio increased from 1.50 to 2.30, indicating a stronger working capital position. The quick ratio increased from 1.07 to 1.95, showing that the company maintained sufficient liquid assets to meet short-term obligations.

### 5.3 Solvency Analysis

The debt-equity ratio declined from 1.25 in 2022 to 0.63 in 2026, which indicates reduced dependency on borrowed funds. This reflects better financial stability and lower long-term risk.

### 5.4 Trend Analysis

Sales trend increased from 100% in 2022 to 183% in 2026, showing an 83% growth. Profit trend increased from 100% to 325%, showing 225% growth. Since profit growth is higher than sales growth, it indicates improved operational efficiency and better cost management.

## 6. FINDINGS

- Gross profit ratio increased steadily from 22% to 26%.
- Net profit ratio improved from 9% to 16%, indicating better expense control.
- Current ratio improved from 1.50 to 2.30, reflecting stronger liquidity.
- Quick ratio remained above 1:1 throughout the study period, showing good short-term solvency.
- Debt-equity ratio reduced from 1.25 to 0.63, indicating improved solvency and reduced financial risk.
- Sales and profit trends increased continuously, showing business expansion and growth.

## 7. SUGGESTIONS

- The company should continue strong cost control to maintain profitability.
- Working capital planning should be regularly monitored to avoid cash shortages.
- The company should reduce unnecessary borrowings and focus more on equity financing.
- More investment in renewable energy projects such as solar and wind will improve future

revenue.

- Receivable collection should be strengthened to maintain healthy cash flow.
- Expansion into new markets will help increase sales performance.
- Technology adoption can improve productivity and reduce wastage.
- Financial forecasting and budgeting should be strengthened for better long-term planning.

## 8. CONCLUSION

The study on the financial performance of EVOLVE ENERGY GROUP PVT LTD for the period 2022–2026 shows that the company achieved consistent improvement in profitability, liquidity, and solvency. Profitability ratios increased steadily, reflecting effective cost control and better operational efficiency.

Liquidity ratios showed strong working capital management and the ability to meet short-term liabilities. The solvency position also improved due to reduced dependency on borrowed funds. Trend analysis confirmed continuous growth in sales and profits, indicating strong business expansion. Overall, the company is financially stable and has good future growth opportunities in the renewable energy sector. With continued focus on cost efficiency, financial planning, and project expansion, EVOLVE ENERGY GROUP PVT LTD can achieve stronger performance in the coming years.

## REFERENCES

1. Kumar, R. (2019). Financial Ratio Analysis and Business Performance. *Journal of Finance Studies*.
2. Sharma, P., & Mehta, R. (2019). Working Capital Management and Profitability. *International Journal of Management Research*.
3. Ravi, S., & Selvam, M. (2019). Trend Analysis in Financial Decision Making. *Business Research Review*.
4. Nair, K. (2020). Financial Statement Analysis for Investment Decisions. *Finance and Accounting Journal*.
5. Chandra, V. (2020). Solvency Ratios and Long-Term Financial Risk. *International Journal of Corporate Finance*.
6. Johnson, T. (2021). Financial Planning Challenges in Renewable Energy Companies. *Renewable Energy Finance Journal*.
7. Taibi, D., & Osterrieder, J. (2026). Financial Frameworks and Strategic Business Planning. *Global Finance Review*.