



Assessing Financial Performance And Growth In Educational Auxiliary Services

(A case study of Vignan Vidyalayas Limited)

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Abstract: The research paper presents a combined financial evaluation of the Vignan Vidyalayas Limited. (VVL) hostel unit over five year financial period from 2020 to 2024. Using an ex-post facto research design and longitudinal time-series analysis, the study investigates the unit's transformation from a pandemic-induced operational shutdown to a state of robust financial independence. The analysis utilizes two primary tools: Comparative and Common-Size Analysis to diagnose shifts in revenue, cost structures, and capital employment. The empirical results confirm a significant "U-shaped" recovery, with gross income rising from Rs. 55,137,007 in 2021 to a record of Rs. 224,241,179 by 2024. A key finding of the study is the successful deleveraging of the institution; the unit transformed its capital structure by reducing bank borrowings from 47.68% in 2022 to 25.96% by 2024, effectively moving toward a self-funded model. While the unit achieve a high occupancy rate of 94.5%, the research identifies a new challenge in "expense inflation," where rising operational expenses are beginning to outpace stable income. The paper concludes that while VVL has built a structurally sound foundation, future sustainability depends on strict operational cost control and strategic fee management.

Index Terms - Financial Resilience; Educational Auxiliary Services; Ex-Post Facto Longitudinal Analysis; Comparative Analysis; Common-Size Analysis.

I. INTRODUCTION

Financial performance statements refer to key documents that summarize the financial results and position of a company over a specific period. These statements are crucial for stakeholders, including investors, creditors, management, and regulators, to assess the financial health and performance of the organization. Financial sustainability is one of the most important characteristics for evaluation of the financial situation of an Establishment (Sazonov, S. P., et. al., 2015). Financial resilience refers to an organisation's ability to withstand shocks, adapt to disruptions, and sustain operations over time. The computation of financial reliance is equally important, as it measures dependence on internal and external funding sources, enabling better financial planning, risk management, and long-term sustainability in dynamic economic conditions. Educational auxiliary services such as hostel facilities play a vital role in supporting institutional sustainability while also contributing to student welfare. sustainable development stands as a cornerstone for a firm's survival and success. It encompasses the revenue growth a firm that can attain while operating within its financial and operational limitations (Patel et al., 2020). A comprehensive evaluation process of financial performance is essential for effective financial management that encompassing investment budgeting, expense allocation, operation planning, and product design, (Chukka, H. G. R., Madem, S., & Konathala, S. K., 2024). Performance appraisal systems in higher education institutions (HEIs) have evolved significantly with the data-driven decision-making models (Chukka and Achanta, 2022). If a business wants to remain competitive

in the market while still offering green products and services, it must change its management style (Moşteanu, N. R., et. al., 2020).

A final decision on how the company should allocate its funds should be based on good assessment, which should rely on the previously performed analysis (Borovcanin, D., 2015).

This study analyses the financial resilience and growth of the Vignan Vidyalayas Limited (VVL) hostel unit over a five-year period from 2020 to 2024, a phase significantly affected by the COVID-19 pandemic and the subsequent recovery. The research adopts an ex-post facto design along with a longitudinal time-series approach to understand how the unit moved from a complete operational shutdown to achieving financial stability and independence. The study makes use of financial tools such as Comparative Analysis and Common-Size Analysis to examine variations in revenue, expense patterns, and profitability margins. It provides a systematic evaluation of how the hostel unit managed its cost structure and gradually regained student occupancy during the recovery phase. Special emphasis is given to the transformation of the unit's financial position, particularly its shift from dependence on external borrowings to a more self-sustained model supported by internal reserves. Further, the study highlights the "U-shaped" recovery pattern in revenue and discusses emerging challenges such as rising operational costs and capacity constraints in the post-pandemic period. Overall, the research reflects the financial strength and adaptability of the Vignan Group's hostel operations and offers practical suggestions to improve efficiency and ensure long-term financial stability.

Vignan Vidyalayas Limited is an unlisted public Indian non-government company incorporated on October 8, 1993, and headquartered in Hyderabad. Founded by the noted educationalist Dr. Lavu Ratthaiah, the institution is a key pillar of the Vignan Group, which has evolved into a premier educational hub across Andhra Pradesh and Telangana, managing an extensive network of schools, junior colleges, and professional institutions. The organisation is dedicated to providing high quality, holistic education rooted in strong ethical values and modern teaching methodologies. A critical component of its operational infrastructure in Duvvada, Visakhapatnam, is its extensive residential network consisting of 14 hostel buildings with a capacity of 1,698 beds. Maintaining a high occupancy rate of approximately 94.5%, the unit demonstrates significant brand trust and contributes to the company's financial stability through sound management practices in HR, marketing and transparent accounting.

II. OBJECTIVES OF THE STUDY

The primary objectives of this research study are:

1. To assess the absolute and relative changes in key financial variables, such as revenue and profit, using Comparative Analysis.
2. To evaluate the hostel unit has cost structure by determining the proportional contribution of each expenses category to total revenue via Common-Size Analysis.
3. To track and evaluate the overall trajectory of operating and net profitability margins throughout the study period.
4. To propose evidence-based recommendations for improving the financial performance and operational efficiency of the hostel unit.

III. HYPOTHESIS AND EMPERICIAL

The study formulates a set of opposite hypotheses to evaluate whether the VVL hostel unit could achieve organizational growth despite the significant economic fluctuations experienced during the financial period 2020-2024.

Formulation of hypothesis:

- Null Hypothesis (H0): Significant financial growth is not achievable within the financial period of five years. This assumes that the shutdown and losses in 2021 have permanently affected the unit's long-term sustainability.
- Alternative Hypothesis (H1): Significant financial growth is achievable within the financial period of five years. This assumes that the business model is resilient and capable of recovery once the student occupancy returns to its capacity.

IV. RESEARCH METHODOLOGY

The research methodology section provides a prescriptive account of the investigative process. It details the steps taken to gather reliable data, the criteria used to select the research period, and the execution protocol for applying the analytical tools. The methodology is quantitative, focusing exclusively on numerical data derived from Vignan Vidyalayas Ltd.'s financial records.

4.1 Type of research design

The study utilizes an Ex-Post Facto Research Design, also known as after-the-fact research, as it involves the systematic examination of financial data that has already been recorded and reported. Given the span of five years, the research also constitutes a Longitudinal Time-Series Analysis, which is crucial for identifying genuine trends and long-run patterns rather than merely observing instantaneous changes.

4.2 Data and Sources of Data

The study relies completely on Secondary data. This information was gathered from the following sources:

- Official Financial Statements: Includes the verified Statement of Income (Profit & Loss) and Balance Sheets extracts.
- Internal Management Reports: Audited schedules related to the hostel unit's revenue and spending.

4.3 Period of the study

The research is time-bound to a five-year window commencing from the financial year 2020 and concluding in 2024. The year 2020 is designed as the base year for longitudinal calculations and indexing.

4.4 Theoretical framework

The Theoretical Framework establishes the conceptual foundation for the study by justifying the specific financial analytical models used to evaluate the Vignan Vidyalayas Ltd. hostel unit. It is a structural guide, linking established principles of Financial Statement Analysis (FSA) with the practical diagnostic assessment of operational efficiency, profitability, and solvency. By defining key metrics and methodologies, this framework provides the necessary context to transform raw historical financial data into meaningful insights regarding institutional financial health and long-term sustainability.

4.4.1 Financial Statement Analysis (FSA)

The theoretical foundation of this study is rooted in Financial Statement Analysis (FSA), a critical component of managerial finance. FSA is the systematic process of reviewing and evaluating a company's financial documents to facilitate informed economic decision-making. The underlying theory posits that historical financial data, when appropriately transformed and scrutinized, reflects an entity's efficiency, profitability, and solvency, providing essential input for institutional control and future forecasting.

4.4.2 Financial Performance Analysis (FPA)

Financial Performance Analysis involves a full diagnosis of the profitability and financial soundness of a business. It identifies strengths and weakness by establishing relationships between items in the Balance Sheet and the Profit and Loss account. Effective FPA typically follows six steps: identifying industry characteristics, understanding company strategies, assessing statement quality, analyzing current risk/profitability, preparing forecasts, and valuing the firm. In the study, FPA serves three primary functions:

- Strategic Decision Support: Providing an empirical basis for management regarding pricing and operational scale.
- Cost Optimization: Identifying expenditure items that are disproportionately increasing to guide prudent resource allocation.
- Fiduciary Accountability: Reporting objectively on the stewardship of the unit's financial resources.

4.4.3 Primary Financial performance Statements

The study extracts information from two core documents to conduct its analysis:

- Balance Sheet: Provides a snapshot of the company's financial position-assets, liabilities, and shareholders' fund at a specific date.
- Income Statement (Profit & Loss): Summarizes revenues, expenses, and profits generated during a specific period, demonstrating the unit's ability to generate value from its operations.

4.4.4 Analytical Techniques and Objectives

The combined use of these techniques achieves “analytical triangulation,” overcoming the limitations of any single method:

- **Comparative Financial Statement Analysis (Horizontal Analysis):** This technique places financial data side-by-side to determine absolute and percentage changes between consecutive years. Its primary objective is to quantify volatility and assess financial momentum.
- **Common-Size Financial Statement Analysis (Vertical Analysis):** This method standardizes data by expressing every line item as a percentage of a major base figure (Total Revenue for the Income Statement; Total Assets for the Balance Sheet). It removes size distortion, allowing for a meaningful comparison of the internal cost structure and structural efficiency over time.

V. ANALYSIS & INTERPRETATION OF THE RESULTS

5.1 Comparative Statement Analysis of VVL during the financial period 2020 - 2024:

Comparative Statements are financial statements that show the financial performance of a company over two or more accounting periods side by side. They help in analysing the trend, growth, or decline in financial position and performance by comparing current figures with previous years. The following are the types of Comparative Analysis used in this study:

- Comparative income statement analysis
- Comparative balance sheet analysis

Comparative Income Statement Analysis: A comparative income statement shows financial results for multiple periods side-by-side (e.g., two or more years) in one report, highlighting absolute and percentage changes in revenues, expenses, and profits to reveal performance trends, operational efficiency, and growth over time, helping investors and managers assess progress. It uses columns for the prior year, current year, and columns for the absolute and percentage changes, making it a powerful tool for horizontal analysis.

Comparative Balance Sheets Analysis: A comparative balance sheet shows a company’s assets, liabilities, and equity for two or more period’s side-to-side, allowing for horizontal analysis to spot trends, changes, and financial health shifts (like increasing debt or growing assets) over time, helping with strategic decisions by highlighting growth, performance, and potential risks. It is a powerful tool for investors and managers to see how a business evolves financially, revealing patterns not visible in a single period’s report.

5.1.1 Comparative Analysis of Vignan Vidyalayas Ltd (VVL) during the financial year 2020-2021:

Table 5.1.1: Comparative Income Statement Analysis of VVL during the FY 2020-2021:
(Figures in Rs.)

Particulars	2020	2021	Increase/Decrease	Change (%)
Gross Income	146902540	55137007	-91765533	-62.47
Less:				
Hostel Expenses	56393168	19011236	-37381932	-66.29
Gross Profit (A)	90509372	36125771	-54383601	-60.09
Less Indirect Expenses:				
Finance Charges	11801278	13849944	2048666	17.36
Personnel Cost	15503419	9632336	-5871083	-37.87
Administration & Other Expenses	27831477	10383929	-17447548	-62.69
Depreciation	9443305	10013394	570089	6.04

Total (B)	64579479	43879603	-20699876	-32.05
Profit Before Tax (A-B)	25929893	-7753832	-33683725	-129.9

Analysis: The financial journey began with a severe contraction as the total income crashed from Rs.146,902,540 to Rs.55,137,007, which represented a massive 62.47% decline. Although the management successfully reduced hostel expenditures by Rs.37,381,932, the unit recorded its only Loss Before Tax of Rs.7,753,832, which stood in sharp contrast to the previous year's profit of Rs.25,929,893. The finance charges actually increased by Rs.2,048,666 despite the drop in business, and the total reduction in spending of Rs.20,699,876 was not enough to cover the enormous revenue gap of Rs.91,765,533.

Interpretation: The data suggested that the hostel unit suffered from severe negative operating leverage during the pandemic-induced shutdown. Because the institution was unable to reduce fixed obligations like staff salaries and bank interest at the same rate as the revenue decline, the cost structure became structurally fragile. This period proved that the hostel's financial viability was heavily dependent on maintaining a minimum volume of students to cover its unavoidable overheads, as the rigid costs remained even when the students were not present.

Table 5.1.2: Comparative Balance Sheet Analysis of VVL during the FY 2020-2021:

(Figures in Rs.)

Particulars	31.03.2020	31.03.2021	Increase/Decrease	Change (%)
1. Source Of Funds				
Share Holders Fund:				
Share Capital	19,175,230	19,175,230	0	0
Reserves & Surplus	234,395,479	218,871,483	-15,523,996	-6.62
Loan Funds:				
Secured Loans	185,142,507	139,431,743	-45,710,764	-24.69
Total Source of Funds	438,713,217	377,478,456	-61,234,761	-13.96
2. Application Of Funds				
Fixed Assets:				
Gross Block	529,905,575	538,237,879	8,332,304	1.57
Less: Depreciation	135,164,601	145,190,666	10,026,065	7.42
Net Block	394,740,974	393,047,213	-1,693,761	-0.43
Capital Work in Progress	31,687,673	43,208,755	11,521,082	36.36
Current Assets, Loans & Advances:				
(a) Current Assets:				
Inventories	50,611	-	-50,611	-100
Fee Receivables	10,268,193	13,729,676	3,461,483	33.71
Cash & Bank Balances	19,423,657	20,857,271	1,433,613	7.38
	29,742,461	34,586,947	4,844,485	16.29
(b) Loans & Advances:	115,204,069	86,406,887	-28,797,182	-24.99

	144,946,531	120,993,834	-23,952,697	-16.53
Less: Current Liabilities & Provisions	132,661,961	179,784,016	47,122,054	35.52
Net Current Assets	12,284,570	-58,790,183	-71,074,753	-578.57
Total Application of Funds	438,713,217	377,465,785	-61,247,432	-13.96

Analysis:

The balance sheet underwent a contraction during the initial crisis as the total funding shrank from Rs.437,079,217 to Rs.377,583,456. Long-term borrowings were reduced by Rs.45,710,764, falling to Rs.139,431,743. Simultaneously, reserves and surplus fell by 15,523,997 as the unit utilized its savings to cover the loss in the income statement. Management prioritized bank repayments, which resulted in a smaller overall financial footprint for the institution.

Interpretation: The interpretation of this period showed that the management prioritized debt repayment even during a year of operational loss. By continuing to pay down bank loans while revenue was low, the unit protected its reputation with lenders but was forced to use up its internal cash reserves to survive. The contraction of the balance sheet reflected the overall reduction in the business's activity during the pandemic shutdown.

5.1.2 Comparative Analysis of VVL during the financial year 2021-2022:

Table 5.1.3: Comparative Income Statement Analysis of VVL during the FY 2021-2022:

(Figures in Rs.)

Particulars	2021	2022	Increase/Decrease	Change (%)
Gross Income	55137007	118,348,792	63,211,785	114.64
Less:				
Hostel Expenses	19011236	49,017,387	30,006,151	157.83
Gross Profit (A)	36125771	69,331,405	33,205,634	91.92
Less Indirect Expenses:				
Finance Charges	13849944	20,783,790	6,933,846	50.06
Personnel Cost	9632336	12,633,952	3,001,616	31.16
Administration & Other Expenses	10383929	21,707,004	11,323,075	109.04
Depreciation	10013394	12,281,250	2,267,856	22.65
Total (B)	43879603	67,405,996	23,526,393	53.62
Profit Before Tax (A-B)	-7753832	1,925,409	9,679,241	-124.83

Analysis: The second period witnessed the beginning of a strong recovery as the total revenue jumped by 114.64% to reach Rs.118,348,792. The unit successfully transitioned back to a positive profit before tax of Rs.1,925,409. During this phase, hostel expenditures rose sharply by Rs.30,006,151 to support the reopening, and finance charges increased by another 6,933,846. General administration and other expenses also grew significantly, reflecting the high cost of cleaning, restarting, and repairing the facilities for the returning student population.

Interpretation: The interpretation of this data suggested that the management prioritized service restoration and operational capacity over immediate profitability. The massive jump in supply costs and administrative expenses showed that the unit invested heavily to ensure the facilities were ready. The low profit margin confirmed that the recovery was in its early stages and was partly funded by borrowing, as evidenced by the

high interest costs. The focus during this year remained on rebuilding the revenue base and restoring student trust.

Table 5.1.4: Comparative Balance Sheet Analysis of VVL during the FY 2021-2022:

(Figures in Rs.)

Particulars	31.03.2021	31.03.2022	Increase/Decrease	Change (%)
1. Source Of Funds				
Share Holders Fund:				
Share Capital	19,175,230	19,175,230	0	0
Reserves & Surplus	218,871,483	216,993,444	-1,878,039	-0.86
Loan Funds:				
Secured Loans	139,431,743	215,197,529	75,765,786	54.34
Total Source of Funds	377,478,456	451,366,203	73,887,747	19.57
2. Application Of Funds				
Fixed Assets:				
Gross Block	538,237,879	606,316,623	68,078,744	12.65
Less: Depreciation	145,190,666	156,694,213	11,503,547	7.92
Net Block (A)	393,047,213	449,622,410	56,575,197	14.39
Capital Work in Progress (B)	43,208,755	0	-43,208,755	-100
Current Assets, Loans & Advances:				
(a) Current Assets:				
Inventories	0	1,096,381	1,096,381	
Fee Receivables	13,729,676	21,733,306	8,003,630	58.29
Cash & Bank Balances	20,857,271	13,645,984	-7,211,287	-34.57
	34,586,947	36,475,671	1,888,724	5.46
(b) Loans & Advances:	86,406,887	80,102,733	-6,304,154	-7.3
	120,993,834	116,578,404	-4,415,430	-3.64
Less: Current Liabilities & Provisions	179,784,016	113,684,846	-66,099,170	-36.77
Net Current Assets (C)	-58,790,183	2,893,558	61,683,741	104.92
Total Application of Funds (A+B+C)	377,465,785	452,515,968	75,050,183	19.88

Analysis: As the recovery began, the balance sheet grew back to Rs.451,352,203, but this growth resulted primarily from new debt. Long-term borrowings spiked by Rs.75,765,786 to reach Rs.215,197,529. Reserves and surplus remained largely stagnant during this phase, showing no new accumulation of savings. The total assets returned to pre-pandemic levels as the unit invested in the repairs and furniture needed to accommodate the returning students.

Interpretation: The data suggested that the hostel's recovery was funded by a high-leverage strategy. Management borrowed heavily to bridge the gap between reopening expenses and incoming student fees. This move increased the unit's financial risk but was a necessary strategic decision to ensure the hostel could restart operations at a high level. The business became more dependent on bank debt during this specific phase.

5.1.3 Comparative Analysis of VVL during the financial year 2022-2023:

Table 5.1.5: Comparative Income Statement Analysis of VVL during the FY 2022-2023:

(Figures in Rs.)

Sl. No.	Particulars	2022	2023	Increase/Decrease	Change (%)
I	Revenue from Operations	117,963,960	221,195,167	103,231,207	87.51
II	Other Income	384,833	1,238,369	853,536	221.8
III	Total Income (I + II)	118,348,793	222,433,536	104,084,743	87.95
IV	Expenses:				
	Hostel Expenditure	49,015,157	79,088,273	30,073,116	61.35
	Employee Benefit Expenses	12,636,340	18,854,036	6,217,696	49.2
	Financial Costs	20,783,790	22,901,331	2,117,541	10.19
	Depreciation and Amortization Expenses	12,281,250	13,623,806	1,342,556	10.93
	Other Expenses	21,707,005	53,943,082	32,236,077	148.51
	Total Expenses (IV)	116,423,542	188,410,527	71,986,985	61.83
V	Profit/(Loss) before Exceptional, Extraordinary items and Tax (III - IV)	1,925,251	34,023,009	32,097,758	1667.2
VI	Exceptional Items (Profit on Sale of Fixed Assets)	-	-	-	-
VII	Profit/(Loss) before extraordinary items and Tax (V - VI)	1,925,251	34,023,009	32,097,758	1667.2
VIII	Extraordinary Items	-	-	-	-
IX	Profit/(Loss) before Tax (VII - VIII)	1,925,251	34,023,009	32,097,758	1667.2
X	Tax Expenses:				
	(1) Income Tax	9,475	624,668	615,193	6492.8
	(2) Deferred Tax	3,386,366	2,419,536	-966,830	-28.55
XI	Profit/(Loss) from the year from Continuing Operations (IX-X)	-1,470,590	30,978,805	32,449,395	2206.56
XII	Profit/(Loss) from Discontinuing Operations	-	-	-	-
XIII	Tax Expense of Discounting Operations	-	-	-	-
XIV	Profit/(Loss) from Discontinuing operations (XII - XIII)	-	-	-	-
XV	Profit/(Loss) for the Year (XI + XIV)	-1,470,590	30,978,805	32,449,395	2206.56
XVI	Earning per Equity Share:				
	(1) Basic	-	-	-	-
	(2) Diluted	-	-	-	-

Analysis: The unit achieved its peak performance during this period as revenue grew by 87.95% to reach Rs.222,433,536. This growth allowed the profit before tax to soar to Rs.53,070,305, which represented a

massive absolute increase of Rs.51,144,896 compared to the previous year. To manage the full occupancy, employee benefit expenses rose by Rs.6,217,696. The data showed that operational efficiency improved significantly because the income grew much faster than the daily operating bills.

Interpretation: The data during this peak year demonstrated the benefits of operating at maximum scale. By filling the hostel to capacity, the management successfully spread the fixed salary and interest bills over the largest possible revenue base, which dramatically increased the profit margin. This was the most efficient year for the hostel, proving that the business model was highly profitable when student volume was maximized. The results suggested that the unit had successfully turned the high volume into exceptional financial performance.

Table 5.1.6: Comparative Balance Sheet Analysis of VVL during the FY 2022-2023:

(Figures in Rs.)

Particulars	31.12.2022	31.12.2023	Increase/Decrease	Change (%)
I. EQUITY AND LIABILITIES				
(1) Shareholder's Funds				
(a) Share Capital	19,175,230	19,175,230	0	0
(b) Reserves and Surplus	226,030,176	257,008,982	30,978,806	13.71
(2) Share Application Money pending Allotment	-	-	-	-
(3) Non-Current Liabilities				
(a) Long-Term Borrowings	215,197,529	194,113,835	-21,083,694	-9.8
(b) Other Long-Term Liabilities	11,936,000	11,936,000	0	0
(c) Deferred Tax Liabilities (Net)	56,786,012	59,205,548	2,419,536	4.26
(4) Current Liabilities				
(a) Current Maturities of Long-Term Borrowings	19,595,159	9,579,376	-10,015,783	-51.11
(b) Trade Payables	4,557,602	14,763,690	10,206,088	223.94
(c) Other Current Liabilities	11,709,430	14,898,287	3,188,857	27.23
(d) Short-Term Provisions	181,629	6,386,969	6,205,340	3416.5
Total	565,168,767	587,067,917	21,899,150	3.88
II. ASSETS				
(1) Non-Current Assets				
(a) Property, Plant and Equipment & Intangible Assets				
(i) Property, Plant & Equipment	449,622,410	440,783,070	-8,839,340	-1.97
(ii) Intangible Assets	-	-	-	-
(iii) Capital Work-in-Progress	0	163,121	163,121	-
(b) Long-Term Loans and Advances	6,468,352	8,395,022	1,926,670	29.8
(2) Current Assets				
(a) Inventories	1,096,381	1,916,026	819,645	74.76
(b) Trade Receivables	21,733,307	21,922,746	189,439	0.87
(c) Cash and Cash Equivalents	13,645,984	30,219,646	16,573,662	121.45
(d) Short-Term Loans and Advances	72,602,334	83,668,286	11,065,952	15.24
Total	565,168,767	587,067,917	21,899,150	3.87

Analysis: During this period of peak profitability, the balance sheet reached its maximum size of Rs.587,125,140. Reserves and surplus surged by Rs.40,015,538 as the high profits were added to the unit's internal savings. This allowed the management to begin a deliberate strategy of deleveraging, and bank loans were reduced by Rs.21,083,694. The hostel started relying less on external lenders and more on its own generated capital.

Interpretation: The results showed that the management successfully utilized the profit boom to strengthen the institution's foundation. Instead of taking on more loans, the unit used its own earned cash to start paying off the debt raised during the recovery. This signalled a shift toward financial independence and improved the overall safety of the hostel by reducing the burden of future interest payments.

5.1.4 Comparative Analysis of VVL during the financial year 2023-2024:

Table 5.1.7: Comparative Income Statement Analysis of VVL during the FY 2023-2024:

(Figures in Rs.)

Sl. No.	Particulars	2023	2024	Increase/Decrease	Change (%)
I	Revenue from Operations	221,195,167	222,607,999	1,412,832	0.64
II	Other Income	1,238,369	1,633,180	394,811	31.88
III	Total Income (I + II)	222,433,536	224,241,179	1,807,643	0.81
IV	Expenses:				
	Hostel Expenditure	79,088,273	92,409,249	13,320,976	16.84
	Employee Benefit Expenses	18,854,036	23,046,528	4,192,492	22.24
	Financial Costs	22,901,331	17,804,201	-5,097,130	-22.26
	Depreciation and Amortization Expenses	13,623,806	14,810,547	1,186,741	8.71
	Other Expenses	53,943,082	43,174,546	-10,768,536	-19.96
	Total Expenses (IV)	188,410,527	191,245,071	2,834,544	1.5
V	Profit/(Loss) before Exceptional, Extraordinary items and Tax (III - IV)	34,023,009	32,996,108	-1,026,901	-3.02
VI	Exceptional Items (Profit on Sale of Fixed Assets)	-	-	-	-
VII	Profit/(Loss) before extraordinary items and Tax (V - VI)	34,023,009	32,996,108	-1,026,901	-3.02
VIII	Extraordinary Items	-	-	-	-
IX	Profit/(Loss) before Tax (VII - VIII)	34,023,009	32,996,108	-1,026,901	-3.02

Analysis: In the final period, the revenue growth effectively stalled, rising by a marginal 0.81% to reach Rs.224,241,179. Despite the stable income, the profit before tax fell to Rs.49,950,457. This decline was caused by a sharp increase in operational costs as hostel expenditures jumped by Rs.13,320,976 and employee expenses rose by Rs.4,192,492. Conversely, finance costs fell by Rs.5,097,130, which indicated that the unit used some of its cash flow to pay off long-term bank loans.

Interpretation: The results for the final year served as a warning regarding inflationary pressures and capacity limits. Since the hostel reached its maximum student capacity, it could no longer use volume growth to hide rising prices for food, utilities, and labour. The erosion of the profit margin confirmed that cost inflation was the primary threat to the unit's future performance. However, the falling finance charges

suggested a positive shift toward debt reduction, which protected the unit's long-term stability even as operational efficiency slightly dipped.

Table 5.1.8: Comparative Balance Sheet Analysis of VVL during the FY 2023-2024:

(Figures in Rs.)

Particulars	31.12.2023	31.12.2024	Increase/Decrease	Change (%)
I. EQUITY AND LIABILITIES				
(1) Shareholder's Funds				
(a) Share Capital	19,175,230	19,175,230	0	0
(b) Reserves and Surplus	257,008,982	288,296,557	31,287,575	12.17
(2) Share Application Money pending Allotment	-	-	-	-
(3) Non-Current Liabilities				
(a) Long-Term Borrowings	194,113,835	142,719,669	-51,394,166	-26.48
(b) Other Long-Term Liabilities	11,936,000	11,936,000	0	0
(c) Deferred Tax Liabilities (Net)	59,205,548	60,914,082	1,708,534	2.89
(4) Current Liabilities				
(a) Current Maturities of Long-Term Borrowings	9,579,376	4,394,166	-5,185,210	-54.13
(b) Trade Payables	14,763,690	7,772,087	-6,991,603	-47.36
(c) Other Current Liabilities	14,898,287	19,101,572	4,203,285	28.21
(d) Short-Term Provisions	6,386,969	-4,465,122	-10,852,091	-169.91
Total	587,067,917	549,844,241	-37,223,676	-6.34
II. ASSETS				
(1) Non-Current Assets				
(a) Property, Plant and Equipment & Intangible Assets				
(i) Property, Plant & Equipment	440,783,070	434,609,669	-6,173,401	-1.40
(ii) Intangible Assets	-	-	-	-
(iii) Capital Work-in-Progress	163,121	2,041,916	1,878,795	1151.78
(b) Long-Term Loans and Advances	8,395,022	8,501,309	106,287	1.27
(2) Current Assets				
(a) Inventories	1,916,026	2,016,226	100,200	5.23
(b) Trade Receivables	21,922,746	7,976,621	-13,946,125	-63.61
(c) Cash and Cash Equivalents	30,219,646	8,680,666	-21,538,980	-71.27
(d) Short-Term Loans and Advances	83,668,286	86,017,834	2,349,548	2.81
Total	587,067,917	549,844,241	-37,223,676	-6.34

Analysis: In the final year, the aggressive debt repayment continued as long-term borrowings were slashed by another Rs.51,394,166, reaching Rs.142,719,669. Simultaneously, reserves and surplus grew further to reach an all-time high of Rs.288,296,557. Debt levels became lower than they were before the pandemic started, and the overall funding structure became much more stable.

Interpretation: The final profile revealed an exceptionally healthy and equity-heavy institution. By 2024, the hostel unit successfully moved from being bank-funded to being primarily self-funded. This

transformation proved that the hostel had built a resilient financial foundation that was well-protected against bank pressure or economic shifts. The unit ended the five-year cycle in its strongest-ever financial position.

5.2 Common-Size Statement Analysis of VVL during the financial period 2020 - 2024:

Common-size financial statement analysis (or vertical analysis) expresses each line item as a percentage of a base figure (like total assets for Balance Sheets or net sales for Income Statements), standardizing data for easy comparison across different periods or companies, revealing proportional changes and financial structure, and highlighting operational efficiency and funding sources by showing relative importance of each item. This method helps identify trends, compare firms of varying sizes, and understand cost structures or asset allocations easily.

Types of Common-Size Analysis:

- Common-Size income statement analysis
- Common-Size balance sheet analysis

5.2.1 Common-Size Income Statement Analysis of VVL during the financial period 2020-2024:

A common-size income statement shows each line item as a percentage of total revenue (sales), using sales as the 100% base, to reveal cost structures and profit margins, making it easier to compare performance across different periods or companies, regardless of size. This vertical analysis highlights cost efficiency (like % COGS, % Operating Expenses) and profitability (Gross Margin %, Net Profit Margin %), allowing for trend analysis and benchmarking against competitors.

Table 5.2.1: Common-Size Income Statement Analysis of VVL during the financial period 2020-2024
(Figures in %)

Particulars	2020	2021	2022	2023	2024
Gross Income	100	100	100	100.00	100.00
Less:					
Hostel Expenses	38.39	34.48	41.42	35.56	41.21
Gross Profit (A)	61.62	65.52	58.58	64.44	58.79
Expenses:					
Financial Costs	8.03	25.12	17.56	10.30	7.94
Personnel cost & Employee Benefit Expenses	10.55	17.47	10.67	8.48	10.28
Administration & Other Expenses	18.95	18.83	18.34	24.25	19.25
Depreciation and Amortization Expenses	6.43	18.16	10.38	6.12	6.61
Total Expenses (B)	43.96	79.58	56.96	49.15	44.09
Profit/(Loss) before Exceptional, Extraordinary items and Tax (A-B)	17.65	-14.06	1.63	15.30	14.72

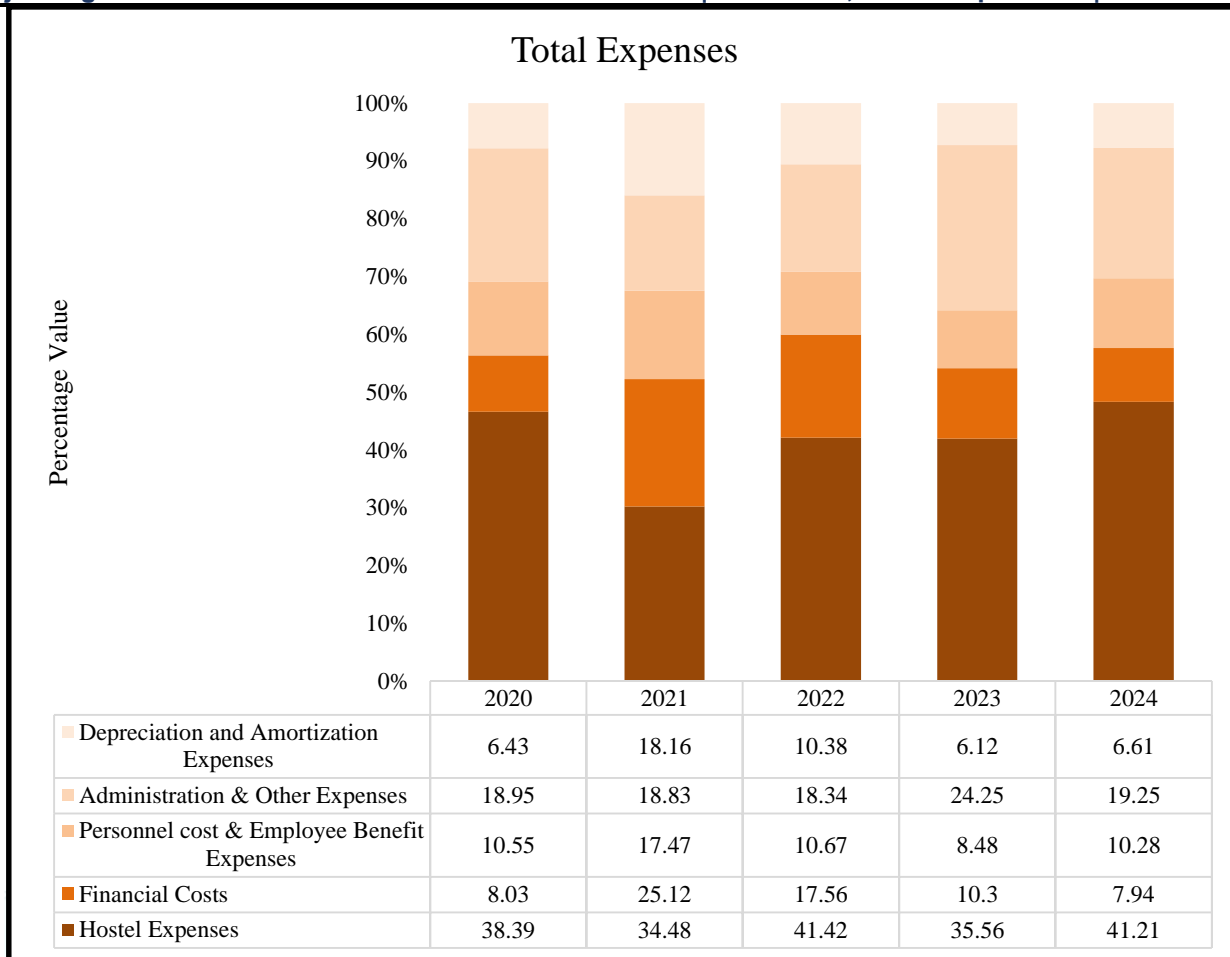


Figure 5.2.1: Graphical representation of Total Expenses of VVL hostel in the five-year span

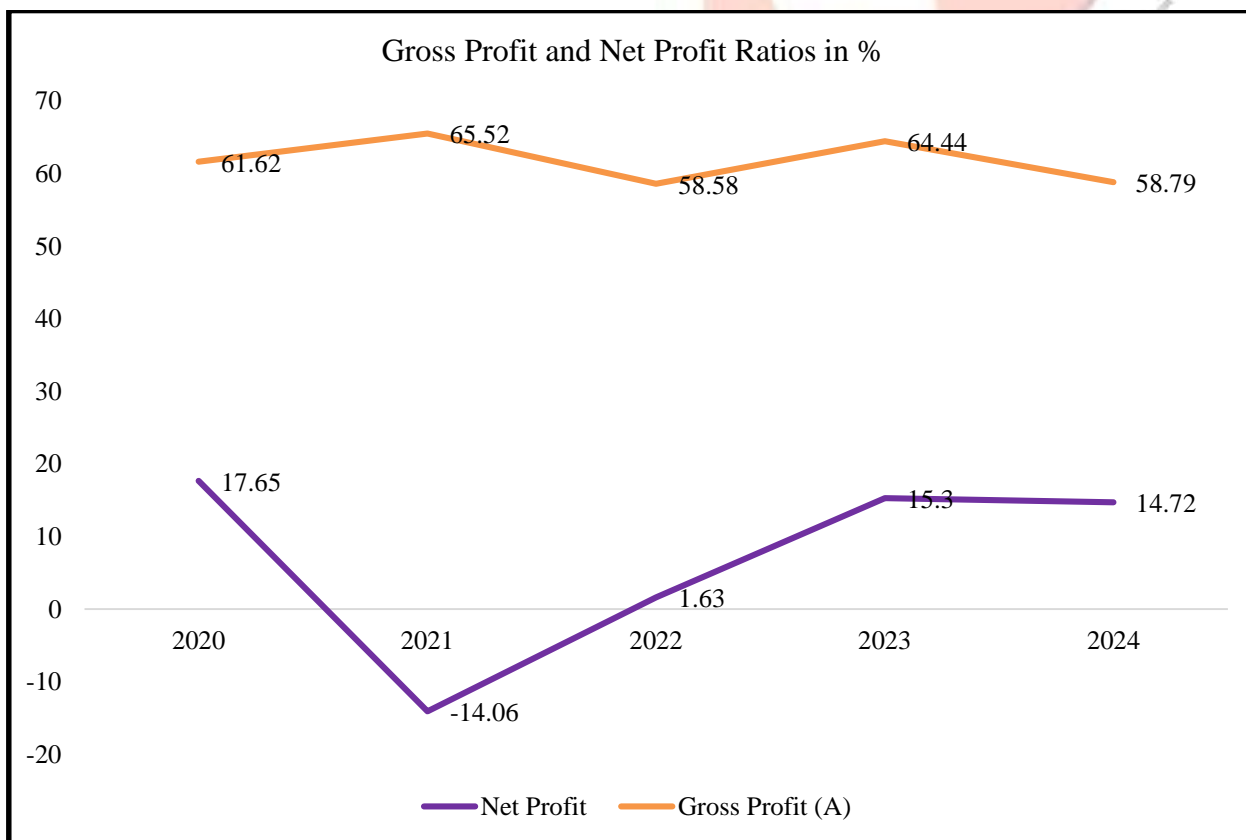


Figure 5.2.2: Graphical representation of Gross profit and Net profit of VVL hostel in the five-year span

Analysis: This shows what percentage of every rupee earned is used up by different costs.

- Profit Share: In 2023, the unit was at its most efficient, keeping over 15% of every rupee as profit.
- Staff Cost Burden: During the 2021 crisis, staff pay consumed a massive 17.47% of every rupee earned.
- Inflation Alert: By 2024, daily hostel suppliers (food/utilities) rose to absorb 41.21% of every rupee, the highest in the study.
- Debt Relief: The “structural” cost of interest dropped from 25.12% in 2021 to less than 8% in 2024.

Interpretation: The structural data confirms that “Cost Creep” is now the primary threat to the business. In 2021, the problem was “not enough students,” but in 2024, the problem is “expensive bills”. Even though revenue is at record levels, food and electricity costs are taking a much bigger bite out of the pie (41%) than in previous years. The only reason the final profit stayed healthy is that management reduced the debt burden to under 8%. This means the business is now in a “lean and clean” state, but it must be very careful about rising prices in the market.

5.2.2 Common-Size Balance Sheet Analysis of VVL during the financial period 2020-2024:

A common size balance sheet shows each line item as a percentage of total assets (or total liabilities/equity), standardizing the statement to reveal financial structure and allow easy comparison between different-sized companies or over time. It helps analyze proportions, like how much cash vs. inventory a company holds, by converting dollar amounts to percentages, making trends and relative significance clear. To create one, divide each item by total assets (which equals total liabilities & equity), presenting the data as a percentage.

Table 5.2.2: Common-Size Balance Sheet Analysis of VVL during the financial period 2020-2024
(Figures in %)

Particulars	31.12.2020	31.12.2021	31.12.2022	31.12.2023	31.12.2024
I. EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
(a) Share Capital	4.37	5.08	4.25	3.27	3.49
(b) Reserves and Surplus	53.43	57.98	48.08	43.78	52.43
(2) Share Application Money pending Allotment	0	0	0	0	0
(3) Non-Current Liabilities					
(a) Long-Term Borrowings	42.20	36.94	47.68	33.06	25.96
(b) Other Long-Term Liabilities	0	0	0	2.03	2.17
(c) Deferred Tax Liabilities (Net)	0	0	0	10.08	11.08
(4) Current Liabilities					
(a) Current Maturities of Long-Term Borrowings	0	0	0	1.63	0.80
(b) Trade Payables	0	0	0	2.51	1.41
(c) Other Current Liabilities	0	0	0	2.54	3.47
(d) Short-Term Provisions	0	0	0	1.09	-0.81
Total	100	100	100	100	100
II. ASSETS					
(1) Non-Current Assets					
(a) Property, Plant and Equipment & Intangible Assets					
(i) Property, Plant & Equipment	89.98	104.13	99.36	75.08	79.04
(ii) Intangible Assets	0	0	0	0	0

(iii) Capital Work-in-Progress	7.22	11.45	0	0.03	0.37
(b) Long-Term Loans and Advances	0	0	0	1.43	1.55
(2) Current Assets					
(a) Inventories	0.01	0	0.24	0.33	0.37%
(b) Trade Receivables	2.34	3.64	4.80	3.73	1.45
(c) Cash and Cash Equivalents	4.43	5.53	3.02	5.15	1.58
(d) Short-Term Loans and Advances	26.26	22.89	17.70	14.25	15.64
Total	100	100	100	100	100

Analysis: This shows how the “foundation” of the business has changed.

- **Less Debt, More Savings:** The share of bank debt fell from a high of 47.68% in 2022 to just 25.9% in 2024.
- **Owner’s Strength:** The unit’s savings (Revenues) grew to fund over 52% of the entire business by 2024.
- **Short-Term Safety:** The money owed to suppliers and others (Current Liabilities) fell to its lowest level of 2.88% in 2024.
- **Physical Assets:** Buildings and equipment remain the heart of the business, representing 79% of its total value.

Interpretation: The unit has successfully transformed from a Debt-Dependent model to a Self-Funded model. By 2024, the hostel unit was structurally stronger and more resilient than it was even before the pandemic started. Because it now owns three-quarters of its capital, the institution is well protected against external economic shocks or pressure from lenders. The low level of short-term bills (under 3%) proves that the hostel is in an excellent position to meet all its monthly obligations comfortably, which is the definition of a financially stable institution.

VI. RESULTS AND DISCUSSION

The management of financial health in educational auxiliary services, specifically hostel units, is a critical component of institutional sustainability. Much as if clinical treatments require high-efficacy agents to reach health targets, financial recovery requires strategic “dose titration” of debt management and cost to achieve stability.

- **Operational Resilience and Recovery:** The results of this study demonstrate a significant “U-shaped” recovery, where the unit successfully directed revenue crash of Rs. 91,765,533 in 2021. This aligns with broader economic observations that service-based units with strong brand trust, like Vignan Vidyalayas Ltd., are capable of reclaiming student strength once external pressures subside.
- **Structural Transformation (Deleveraging):** A key finding is the unit’s shift toward financial independence. By aggressively reducing long-term loans from 47.68% in 2022 to 25.96% in 2024, management moved the institution from a “debt-dependent” model to a “self-dependent” model. This structural strengthening helps in reaching the target state (financial health) with the most efficient allocation of resources.
- **The Impact of Expense Inflation:** Despite record revenues of Rs. 224,241,179 in 2024, the study identifies an emerging challenge of expense inflation. Day to day operational bills for food and utilities began to increase faster than the income. This suggests that while the unit is structurally strong, the profit margin is highly sensitive to rising market prices, especially when student capacity has reached its maximum limits.
- **Sustainability and Future Strategy:** The analysis shows that the final profit remained healthy initially because interest burdens were reduced to under 8%. However, future sustainability will no longer depend on adding more students, but on controlling the structural share of hostel expenditures, which absorbed 41.21% of every rupee earned in the final year.

Result:

- Null Hypothesis (H0): Significant financial growth is not achievable within the financial period of five years. This assumes that the shutdown and losses in 2021 have permanently affected the unit's long-term sustainability.
- Alternative Hypothesis (H1): Significant financial growth is achievable within the financial period of five years. This assumes that the business model is resilient and capable of recovery once the student occupancy returns to its capacity.

Based on the data analysis Alternative hypothesis (H1) Is accepted and the Null hypothesis (H0) is rejected. The following empirical evidence supports the acceptance of H1:

- Revenue growth: Gross income rose significantly from Rs. 5.51 crore in 2021, a pandemic-affected year, to reach a record of Rs. 22.41 crore by 2024.
- Net worth appreciation: The Shareholder's Funds (Net worth) increased by 21% over the study period, moving from a base index of 100 in 2020 to 121.26 in 2024.
- Deleveraging and Independence: The unit successfully transitioned from debt-heavy structure (47.68% borrowings in 2022) to an equity-heavy model, with borrowings falling to 25.96% by 2024.
- Capacity Maximization: The unit has successfully restored student trust by reaching an occupancy rate of 94.5% by the final year of the study.

Conclusion of test:

The data decisively confirms that the institution did not merely survive the external shock of 2021 but used the subsequent recovery period to build a larger, more independent, and structurally stronger financial foundation.

VII. CONCLUSION

The study finds that Vignan Vidyalayas Ltd. (VVL) hostel unit demonstrated strong financial resilience during the volatile period of 2020–2024. A key achievement was the transformation of its balance sheet from a debt-dependent structure to a stable, equity-driven model. By strategically utilizing profits during the recovery years, the institution significantly reduced long-term borrowings from 47.68% in 2022 to 25.96% in 2024. This shift enabled the hostel unit to become largely self-funded, with reserves and surplus contributing 52.43% of total financing.

The results highlight a clear “U-shaped” recovery pattern. Gross income rose sharply from Rs. 55,137,007 in 2021 to a peak of Rs. 224,241,179 in 2024. Analytical tools such as comparative and common-size analysis confirm the institution's reduced reliance on external debt and improved financial structure. Additionally, the hostel achieved a high occupancy rate of 94.5%, indicating restored student confidence and strong demand. However, the study also identifies emerging challenges. In the final year, operational expenses—particularly for food and utilities—increased at a faster rate than income. This “expense inflation” led to a slight decline in profit despite record occupancy levels.

VVL hostel unit has successfully evolved into a financially sound and independent institution, ending the five-year period in its strongest position. Nonetheless, with occupancy nearing full capacity, future growth cannot rely on increased student intake. Sustained performance will depend on effective cost management and strategic fee adjustments to counter rising expenses and maintain profitability.

VIII. ACKNOWLEDGMENT

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