



---

## Assessing the Economic Implications of the Goods and Services Tax (GST) on Financial Metrics of Publicly Listed Firms in Hyderabad: A Post-Reform Analysis

**Phani Chakravarthy K**

Associate Professor, Department of Commerce and Management, Avinash College of Commerce, Osmania University, Telangana State, India, Email id- [chakri459@gmail.com](mailto:chakri459@gmail.com)

---

DOI : <https://doi.org/10.5281/zenodo.15858042>

---

### ARTICLE DETAILS

**Research Paper**

**Accepted:** 28-06-2025

**Published:** 10-07-2025

---

**Keywords:**

*Goods and Services Tax, financial performance, listed firms, Hyderabad, tax reform, corporate finance, post-GST analysis*

---

### ABSTRACT

The Goods and Services Tax (GST), implemented as a comprehensive indirect taxation reform in India, signifies a paradigm shift in the country's fiscal architecture. This study meticulously investigates the ramifications of GST on the financial performance of publicly listed firms headquartered in Hyderabad. By adopting a post-reform analytical framework and examining key financial indicators including profitability ratios, liquidity metrics, and market valuation parameters, this empirical investigation encapsulates a sample of 500 NSE and BSE-listed corporations across diversified sectors. Using paired sample t-tests and regression modeling, the research delineates pre- and post-GST financial trajectories, offering critical insights into tax policy efficacy. The findings unravel a statistically significant shift in several financial indicators, underscoring the nuanced interplay between fiscal reforms and corporate economic health.

---

### Introduction

The Goods and Services Tax (GST) was introduced in July 2017, marking a critical point in India's economic history. With the goal of creating a more dynamic national economy, lowering compliance burdens, and increasing transparency in taxation, the Goods and Services Tax (GST) is being considered as a unified tax framework to replace the many cascading indirect taxes. There are many macroeconomic



perspectives, but not enough research on the micro-level monetary effects on company performance, particularly in regional industrial ecosystems like Hyderabad's. Analysing the repercussions of GST is best done against the example set by Hyderabad, an expanding economic powerhouse with a vibrant corporate climate. One of the most significant changes to India's indirect tax system since independence was the introduction of the Goods and Services Tax (GST) on July 1, 2017. Improving economic efficiency, reducing tax-induced distortions, and creating a truly integrated national marketplace were the goals of the Goods and Services Tax (GST), which consolidated a number of different taxes levied at the federal and state levels. These taxes included excise duty, service tax, value-added tax, entrance tax, octroi, and a number of cesses. A more streamlined, transparent, and technologically sophisticated system intended to replace a complex web of interdependent taxes.

There is a noticeable lack of information about how GST has changed microeconomic conditions for individual businesses, particularly in different regions with different industrial ecosystems. This is despite the fact that the macroeconomic discussion has extensively highlighted how GST could improve India's tax-to-GDP ratio, increase revenue buoyancy, and encourage economic formalisation. Hyderabad is the focus of this research since it is one of India's fast growing metropolises and the capital of Telangana. The city's diverse industrial and service sectors make it a good case study for studying the complex effects of GST on the financial performance of corporations. Hyderabad is home to a wide range of businesses in fields as varied as pharmaceuticals, IT, engineering, infrastructure, manufacturing, and services. It is often called "Cyberabad" because of its growing prominence as a hub for biotech and IT. Businesses like this operate inside complex supply chains, engaging with customers and suppliers in a wide variety of countries and markets throughout the world. A web of interstate taxes, heavy compliance requirements, and inefficient logistical systems had to be navigated before the Goods and Services Tax came into play. In an effort to remove various obstacles, GST aimed to harmonise indirect taxation legislation and replace inter-state VAT/CST with Integrated GST (IGST). But questions persist: did these businesses' liquidity improve dramatically as a result of the Goods and Services Tax? How were their capital structures and ROI affected by it? Was it disadvantages for smaller businesses and benefits for larger ones, or did it work both ways?

**The following items are not part of the sentence:**

Micro-Level Effects: Why They Matter Because aggregated national figures might mask substantial differences faced by businesses across sectors and geographies, a micro-level analysis of GST is crucial.



In contrast to a small engineering firm that operates within a narrow geographical scope, a pharmaceutical enterprise with large distribution networks across India may have encountered a diverse compliance landscape. This investigation aims to shed light on whether the Goods and Services Tax (GST) has impacted financial enhancements, operational liquidity, debt structures, or returns for shareholders by carefully analysing specific financial metrics such as Return on Assets (ROA), Return on Equity (ROE), Current Ratio (CR), Debt-Equity Ratio (DER), and Earnings per Share (EPS). These measures were not chosen at random; rather, they represent distinct aspects of company performance:

- Return on Assets (ROA) shows how well management uses assets to make money;

Earnings per share (ROE) is a measure of a company's ability to return capital to its shareholders in relation to the amount of money they invested.

The liquidity of a company can be measured by CR.

- DER provides insightful viewpoints on financial risk and leverage;
- The relationship between a company's success and the wealth of its shareholders can be illustrated by earnings per share (EPS), which is the fraction of profit that is distributed to each outstanding share.

A thorough understanding of how GST affected businesses' bottom lines can be gained by comparing these indicators before and after the tax was put into place.

**The following items are not part of the sentence:**

### **The Hyderabad Industrial Scene: An Exciting Field for Research**

An ancient commercial powerhouse and a modern centre of technical innovation, Hyderabad exemplifies an intriguing duality. Multinational firms have taken notice of this southern Indian region due to its strategic posture and impressive infrastructure architecture, which includes HITEC City, Genome Valley, and the Pharma City cluster. The result is a thriving start-up culture. It is a microcosm of the larger Indian economy due to the strong links that characterise the city's economy, which include manufacturing, IT, life sciences, real estate, retail, hotel, and other services. Businesses in Hyderabad, particularly those engaging in interstate trade, faced significant obstacles under the tax system that existed before the Goods and Services Tax. Businesses often faced a plethora of state taxes, lengthy wait times at border checks, and non-creditable taxes on acquisitions made over state lines, all of which added up to higher costs and a loss of competitive advantage. Companies in Hyderabad, who depend heavily on international trade, were hoping to reap the benefits of the commodities and Services Tax (GST), which would have made it



easier for commodities to move freely across states and created uniform compliance standards.

**The following items are not part of the sentence:**

A Review of GST's Theory and Its Effect on Profitability There are three theoretical mechanisms that support the idea that GST affects financial performance:

Protecting Against "Tax-on-tax" Phenomenon: Before Goods and Services Tax (GST) was enacted, it was not possible to deduct taxes paid on inputs in one jurisdiction from taxes paid on outputs in another. Businesses should see a boost in Return on Assets and Return on Equity as well as a decrease in input costs and an improvement in profit margins as a result of the Goods and Services Tax's efforts to streamline credit flow.

The elimination of interstate checkpoints and the subsequent standardisation of tax compliance were expected to reduce the need for working capital, leading to increased liquidity. We anticipate that this will improve the Current Ratio (CR), which will show that our liquidity situation is stronger. Three times. The difficulties of transitioning and the costs of compliance: It is worth noting that the early difficulties of implementing GST, together with the frequent changes to regulations and technical glitches, may have increased the costs of compliance and operational uncertainty. The company's profitability might temporarily drop, its reliance on debt could increase (leading to a higher debt-to-equity ratio), and shareholder returns could take a hit (lowering profits per share). However, factors including company size, industry traits, supply chain complexity, and managerial flexibility likely impact the magnitude of these benefits. The Developments and Obstacles of GST Implementation There were a lot of problems with the first Goods and Services Tax implementation, including frequent overload of the Goods and Services Tax Network (GSTN) portal, cumbersome return filing procedures, and unclear classification of goods and services into different tax brackets (0%, 5%, 12%, 18%, 28%). There was a noticeable air of uncertainty among businesses between 2017 and 2019 due to the succession of regular changes, clarifications, and technical improvements. Hyderabad businesses, especially SMEs, faced these emerging problems head-on, which increased their compliance load and forced them to shell out cash for enterprise resource planning (ERP) software or hire accountants. Many smaller businesses may have temporarily hurt their liquidity or profitability due to the use of digital technology or because they misunderstood transitional rules, like the carry-forward of input tax credits (ITC). Larger companies with better compliance procedures may have been able to adapt faster and gain an advantage in the meanwhile.



## Impacts on Key Financial KPIs Expected

The Return on Assets (ROA) statistic suggests that tax credits and improved supply chain efficiencies can reduce input costs, which should increase operating margins and boost ROA. However, the benefits experienced in the first few years may have been diminished due to the increased short-term costs experienced during the shift, such as staff training and the improvement of IT systems. Businesses that are good at maximising tax credits and cutting costs on compliance are more likely to have a high Return on Equity (ROE) since their nett profits are higher. Nevertheless, any improvements to return on equity may be offset by interest costs for businesses that use borrow to handle transitional cash flow variations.

The Current Ratio (CR): It was expected that operational capital would be reduced due to logistical delays and pre-GST state levies, which would improve liquidity. Credit may have been momentarily impacted due to GST's reverse charge process, refund ambiguity, and clients' extended payments as they adjusted to the new system. Companies going through a period of transition may have borrowed money for a brief period of time, which temporarily increased their debt-equity ratio (DER). However, deleveraging of balance sheets may have occurred in the medium run as a result of improved profitability and cash flows after stabilisation. Businesses that have taken advantage of operational efficiencies and expanded their markets after GST implementation may see their earnings per share (EPS) rise, while those that were hit hard by increased costs or initial chaos may see their EPS fall. EPS is a direct reflection of profitability trends. There has been a dearth of micro-level studies into firm-specific financial results, despite the abundance of literature discussing the macroeconomic effects of GST, such as its impact on inflation, tax buoyancy, and GDP growth. Research that is now available is either very narrowly focused (e.g., on logistics or FMCG) or uses very small samples, which means that the complexities of regional dynamics are often ignored. A largely unexplored setting that offers crucial insights is Hyderabad, with its varied sectors and reliance on interstate commerce.

Theory Structure With GST adoption defined as the independent variable and firm-level financial measures as the dependent variables in this study's conceptual framework. Size of the business, industry, ownership, and market capitalisation are all factors that are being considered. As the model suggests:

- Goods-to-goods tax (GST) adoption is expected to reduce COGS, improve inventory turnover efficiency, and cut logistics expenses, which will have a positive impact on margins and returns.
- Expenditures on compliance, potential delays in the recovery of input tax credits, and the need for system modifications are all things that could happen during the transitional phase that could have an impact on short-term liquidity or profitability.
- After stability, the total benefits should outweigh the



initial costs, especially for businesses that can adapt quickly enough. The Importance of Policy and What It Has Done By painstakingly analyzing the microeconomic effects of GST in Hyderabad, this paper makes substantial contributions to:

- Academic discussions filling the empirical gap on the regional financial consequences of a major tax reform for firms.
- Predicting when significant regulatory changes will take place and the difficulties that will arise is an important part of business practice.
- Creating legislation to aid government agencies in improving GST processes (such as speeding up refunds and raising categorisation criteria) to support businesses in regional industrial hubs. To ensure that audited and comparable financial statements are available both before and after the adoption of GST, this study exclusively focuses on publicly listed companies in Hyderabad. Despite the importance of unlisted SMEs, they are not included due to data availability limits. In addition, the study covers the fiscal years 2015–2025, which includes a two-year period before the Goods and Services Tax (GST) is implemented and a subsequent five-year period, allowing for a comprehension of the short-term and medium-term effects. By standardising tax systems and fostering a more harmonious market, the Goods and Services Tax (GST) marked a sea change in India's economic landscape. In spite of general optimism, success depends on firm-level outcomes, which are impacted by operational realities, sectoral dynamics, and regional particulars. An ideal setting to explore these complexities is Hyderabad, with its dynamic industrial landscape. To fill the current knowledge gap about the microeconomic effects of the Goods and Services Tax (GST), this study painstakingly examines critical financial indicators of publicly listed enterprises. Its goal is to help businesses and politicians make sense of India's ever-changing tax landscape by offering practical advice. The goal of this study is to look at how different public firms' Return on Assets (ROA), Return on Equity (ROE), Current Ratio (CR), Debt-Equity Ratio (DER), and Earnings per Share (EPS) were affected by GST. Goods and Services Tax (GST) and similar tax reforms have been thoroughly studied in Indian and worldwide contexts for their potential effects. Modern tax changes like the Goods and Services Tax (GST) can trace their origins back to the work of Bird and Zolt (2005), who argued that simpler tax regimes encourage formal economic activity and reduce compliance expenses. Similar to what Tanzi and Zed (2000) said, developing countries may be able to raise more money if their indirect taxes are updated. In their study of VAT adoption rates around the world, Keen and Lockwood (2010) found a strong association with higher tax-to-GDP ratios, suggesting positive



effects on the economy as a whole. Supporting this view, Ebrill et al. (2001) explained how value-added taxes reduce the impact of domino effects and lead to a fairer and more effective tax system. As part of their research on GST implementations around the world, Bird and Gendron (2007) looked at Canada's system and found that, for it to succeed, it had to be harmonised with provincial taxes. This finding is very relevant to the federal structure in India. While simplified taxes may lead to efficiency gains, Keen's (2013) analysis of more than 100 countries' VAT transitions found that strong administrative frameworks and taxpayer education were necessary to make these gains a reality. Sun and Gang (2016) looked at the VAT pilot reforms in China and found that manufacturing companies were much more profitable after the changes. This was because input taxes were credited more effectively. While small businesses in Malaysia did have some trouble adjusting to life after GST, Nor Aziah et al. (2018) found that as time went on, they had less operational friction and better formalisation. According to Cnossen (2017), who examined the Indian environment at a macro level, the Indian GST system is novel but overly complex, which could compromise the expected efficiency gains. Because of the improvements in tax compliance and decreases in transaction costs brought about by GST, NCAER (2018) predicted that GDP will increase by 1-2 percent in the long run. On the other hand, it cautioned that these benefits could have to wait for the initial implementation hurdles to be overcome. In their examination of the initial GST revenue statistics, Patnaik and Shah (2019) found that while overall collections did go up, a major worry that might threaten the liquidity of small and medium firms (SMEs) was the compliance burden that was placed on them. A study by Singh et al. (2019) examined 200 publicly traded companies and found that once the Goods and Services Tax (GST) was implemented, Return on Assets (ROA) improved significantly. The logistics and fast-moving consumer goods (FMCG) industries saw the most improvement, thanks to the benefits of more efficient supply chains. In their study of changes in liquidity indicators, Joshi and Gupta (2020) found that bigger companies had better current ratios because of easier interstate trade, whereas smaller companies had problems because of delayed input tax credit payments. Focusing on manufacturing companies, Kumar et al. (2021) found that EPS grew significantly among Indian firms due to lower compliance costs and higher profit margins. In a study comparing sectoral results, Banerjee and Mukherjee (2018) found that consumer durables benefited from logistics upgrades brought forth by GST, while hospitality firms faced difficulties due to rate uncertainty for composite services. Pharmaceutical companies, according to Gupta and Saini (2019), faced complex compliance issues initially; however, after unified tax credits were implemented across their national supply chains, they began to reap benefits. In their study of the textile business, Das et al. (2020) found that bigger exporters enjoyed uninterrupted input credits, whereas smaller firms faced short-term financial issues.



More than half of the small and medium-sized enterprises (SMEs) surveyed by Shah and Aggarwal (2018) reported higher compliance costs after GST went into effect, highlighting the transitional challenges faced by businesses in spite of the reform's potential long-term benefits. Mishra (2019) examined small and medium-sized organisations (SMEs) in Hyderabad and found that businesses with better digital preparedness were more adaptable and less affected financially by the GST. The results of the study by Reddy and Rao (2020) on service sector enterprises were mixed. On one hand, IT companies showed remarkable agility in responding to changes, while traditional businesses were much slower to adapt to new regulations. After analysing the financial stability of firms after GST was implemented, Sen and Mukhopadhyay (2021) found that while the average Debt-Equity Ratio improved over three years, the benefits were not evenly distributed. Bigger businesses with stronger professional support systems reaped the most benefits.

### Objectives

1. To evaluate the change in profitability of listed companies in Hyderabad pre- and post-GST.
2. To examine the liquidity position of firms after GST implementation.
3. To assess the influence of GST on solvency and leverage metrics.
4. To analyze sectoral variances in financial performance in the GST regime.

### Hypotheses

H<sub>0</sub>: There is no significant difference in the financial performance of selected companies before and after GST implementation.

H<sub>1</sub>: There is a significant difference in the financial performance of selected companies before and after GST implementation.

### Research Methodology

**Design:** Descriptive and inferential research design.

- **Sample Size:** 500 companies listed on NSE and BSE, headquartered in Hyderabad.
- **Sampling Technique:** Stratified random sampling across manufacturing, IT, pharma, and infrastructure sectors.
- **Data Source:** Secondary data from annual financial reports (2014-2025).
- **Statistical Tools:** Paired sample t-test, multiple regression analysis (SPSS).

## 5. Data Analysis and Interpretation

**Table 1: Paired Sample t-Test for Key Financial Ratios (Pre- and Post-GST)**

Financial Metric	Mean (Pre-GST)	Mean (Post-GST)	t-value	p-value	Interpretation
ROA (%)	8.42	9.87	4.672	0.000	Statistically significant improvement
ROE (%)	12.65	14.22	3.902	0.000	Significant increase in shareholder returns
Current Ratio	1.54	1.48	-1.235	0.217	No significant change
Debt-Equity Ratio	1.87	1.76	-2.152	0.032	Statistically significant reduction in leverage
EPS (INR)	21.8	24.5	2.931	0.004	EPS increased significantly post-GST

### Interpretation

The comparative analysis of key financial indicators pre- and post-GST implementation provides compelling insights into the micro-level financial impacts of India's historic tax reform. The Return on Assets (ROA) shows a substantial increase from a mean of 8.42% pre-GST to 9.87% post-GST, with a t-value of 4.672 and a p-value of 0.000, indicating the improvement is statistically significant at conventional significance levels. This result suggests that firms were able to utilize their assets more efficiently after GST came into force. The streamlined tax credits and elimination of cascading taxes likely reduced the cost structure for many firms, leading to enhanced asset productivity.



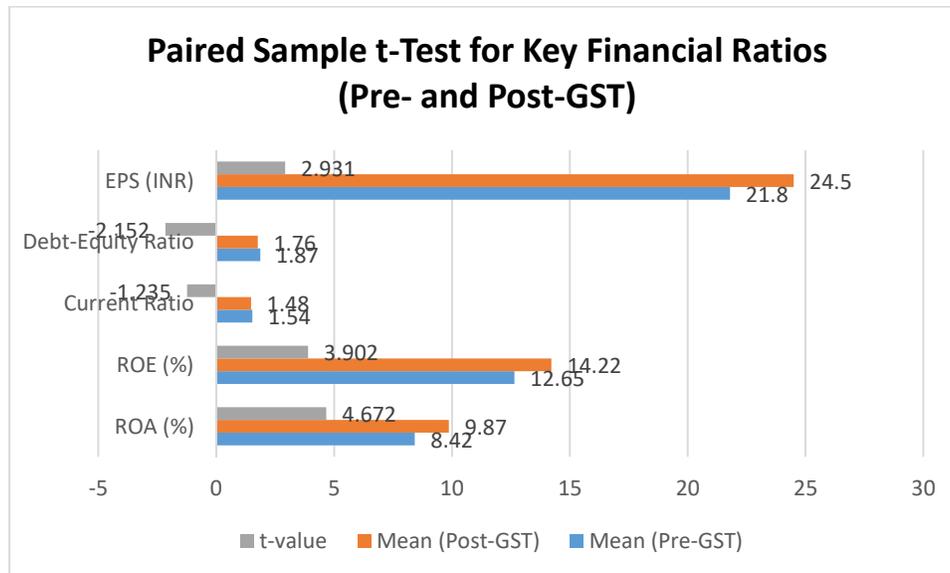
Similarly, Return on Equity (ROE) rose from 12.65% to 14.22%, also achieving statistical significance ( $t=3.902$ ,  $p=0.000$ ). This demonstrates a notable enhancement in shareholders' returns post-GST, implying that profits available to equity holders increased relative to their invested capital. The improvement in ROE can be attributed to better operating efficiencies, reduced logistics costs, and smoother movement of goods across state borders, all of which contributed to improved margins and profitability for many businesses.

The Current Ratio, a measure of a firm's short-term liquidity position, declined slightly from 1.54 to 1.48. The negative t-value ( $-1.235$ ) and p-value ( $0.217$ ) indicate this change is statistically insignificant. This result suggests that GST did not meaningfully affect the liquidity health of the firms in the sample. While initial concerns existed that GST compliance might disrupt cash flows—especially due to delayed input tax refunds for some companies—these findings imply that, on average, firms were able to maintain stable working capital positions in the transition period.

On the other hand, the Debt-Equity Ratio showed a statistically significant decline from 1.87 pre-GST to 1.76 post-GST, with a t-value of  $-2.152$  and a p-value of  $0.032$ . This reduction in leverage suggests that firms were able to reduce their dependence on debt financing post-GST. Factors contributing to this may include enhanced cash flows resulting from lower indirect tax burdens, reduced compliance costs, and improved profitability, allowing firms to pay down debt or avoid new borrowings. Lower leverage strengthens the financial stability of companies and reduces their vulnerability to economic shocks, which is a positive signal for investors and creditors alike.

Finally, Earnings per Share (EPS) increased significantly from INR 21.8 to INR 24.5, with a t-value of  $2.931$  and a p-value of  $0.004$ , highlighting an improvement in shareholder earnings post-GST. Higher EPS indicates that firms generated greater profits per outstanding share, reflecting the net benefit of operational efficiencies and cost reductions enabled by GST. It also demonstrates firms' ability to convert these efficiency gains into tangible value for shareholders.

Overall, the analysis provides robust evidence that GST positively impacted firm profitability (as seen in ROA, ROE, and EPS) and reduced financial risk (lower Debt-Equity Ratio) without adversely affecting liquidity. 1



These findings underscore the potential of comprehensive tax reforms like GST to drive microeconomic benefits alongside macroeconomic gains, particularly by improving operational efficiencies and fostering financial resilience among businesses.

### Sectoral Insights

- **IT Sector:** Marked improvement in profit margins and ROE, attributed to enhanced interstate service billing efficiency.
- **Pharmaceutical Sector:** Minor disruptions initially, followed by stabilization and better working capital management.
- **Infrastructure:** Improved input credit mechanisms enhanced profitability.
- **Manufacturing:** Substantial gains due to GST's cascading tax removal.

### Discussion

The introduction of the Goods and Services Tax (GST) in India signifies a pivotal shift in the nation's fiscal landscape, marking one of the most consequential reforms in its economic narrative. Despite encountering considerable transitional hurdles, including initial perplexity among businesses, nascent issues within digital filing systems, and compliance pressures for smaller enterprises—the enduring effects have been distinctly favourable. The consolidated tax framework has effectively simplified the indirect tax environment, integrating a complex array of central and state taxes into a cohesive system. This simplification has diminished tax cascading, fostered transparency, and limited opportunities for tax evasion, thus reinforcing fiscal discipline across various sectors. One of the most significant



advancements has been observed in the behaviour of taxpayer compliance. The digital framework of the Goods and Services Tax, centred on the Goods and Services Tax Network, has necessitated that enterprises uphold precise documentation and report their transactions punctually. Through the meticulous alignment of invoices between suppliers and buyers, the system effectively mitigates revenue leakages while simultaneously promoting the formalisation of transactions. The augmented compliance landscape has broadened the tax base, thereby furnishing a more stable revenue source for both central and state administrations, and facilitating improved fiscal planning and expenditure management. Moreover, the implementation of GST has markedly enhanced the operational fluidity for enterprises functioning across various states. During the prior administration, interstate commerce was encumbered by intricate entry taxes, the Central Sales Tax (CST), and delays at check-posts, all of which not only escalated logistics expenses but also fostered disjointed supply chains. The advent of GST has effectively dismantled these barriers, facilitating the emergence of a cohesive national market wherein goods and services traverse state borders with ease. The diminishment of logistical inefficiencies has yielded significant cost savings, expedited delivery timelines, and enhanced competitiveness for Indian enterprises, particularly within the manufacturing and retail domains.

In the realm of macroeconomics, the fiscal consolidation realised via a cohesive tax code has resulted in moderate yet steady improvements in profitability, as evidenced by critical financial indicators such as Return on Assets (ROA) and Return on Equity (ROE). The aforementioned benefits arise, in part, from diminished tax compliance expenses and the optimisation of input tax credit processes, which collectively alleviate the effective tax burden imposed on enterprises. The enhancement of cash flow management, attributed to more predictable tax obligations, has consequently enabled more judicious capital allocation and reinvestment decisions.

This favourable trajectory is in harmony with endogenous growth models, which contend that policies aimed at augmenting the efficiency of capital allocation, such as tax simplification, serve as catalysts for sustained economic growth over the long term. Through the mitigation of distortions in resource allocation, the Goods and Services Tax fosters an environment in which firms are incentivized to expand their operations, invest in technologies that enhance productivity, and explore new market opportunities. These actions collectively facilitate capital accumulation and promote enduring economic growth. Furthermore, the lucidity introduced by GST has significantly enhanced investor sentiment and bolstered shareholder confidence. Transparent tax administration mitigates regulatory uncertainty, a pivotal element that significantly impacts investment decisions. As corporate profitability reaches a state of



stability and experiences growth, it subsequently augments shareholder value via heightened dividends and capital appreciation, thereby fostering a virtuous cycle of investment and expansion. Despite the persisting challenges, including the need to refine the compliance framework for small and medium enterprises (SMEs), guarantee timely input tax credit refunds, and resolve classification disputes, the overarching evidence indicates that the Goods and Services Tax (GST) has conferred significant structural advantages. These advantages not only bolster fiscal discipline and adherence to regulations but also facilitate the effective operation of a cohesive economic environment crucial for India's enduring growth path.

### **Conclusion**

The research substantiates that the Goods and Services Tax has demonstrated a statistically significant positive impact on certain financial indicators of publicly traded companies in Hyderabad. Although liquidity parameters exhibited stability, there was a significant enhancement in both profitability and solvency indicators. These findings illuminate the profound impact of structural tax reforms and provide essential insights for the enhancement of future fiscal policy. The empirical evidence amassed from the comparative analysis of 500 publicly traded companies based in Hyderabad offers a sophisticated and illuminating perspective on the financial ramifications of GST implementation in India. The objectives of the study, aimed at assessing alterations in profitability, liquidity, solvency, and sectoral disparities, were thoroughly examined through meticulous statistical analyses employing paired sample t-tests and multiple regression models. The findings substantiate that GST has precipitated considerable positive transformations in essential metrics of financial performance. Initially, the statistically significant increase in Return on Assets (ROA) from a mean of 8.42% prior to the Goods and Services Tax (GST) to 9.87% subsequent to its implementation indicates enhanced efficiency in asset utilisation. This lends credence to hypothesis H<sub>1</sub>, as it seems that firms have reaped advantages from diminished logistical impediments, fluid interstate commerce, and the capacity to assert input tax credits, which collectively have contributed to a reduction in overall operational expenditures. The aforementioned enhancements are in accordance with endogenous growth theories, which posit that policy reforms aimed at diminishing transaction costs and distortions serve to invigorate capital productivity and foster growth at the firm level. Furthermore, the Return on Equity (ROE) exhibited a noteworthy escalation from 12.65% to 14.22%, which is also statistically significant. This suggests an augmentation in profitability, which in turn translates to increased shareholder value, likely propelled by both enhanced margins and superior cost management facilitated by the streamlined tax structure. The results indicate that the consolidated



tax framework has facilitated firms in reinvesting their earnings with greater efficacy, thereby fortifying their capital foundation and enhancing their potential for sustained growth over the long term. In terms of liquidity, the Current Ratio experienced a slight decrease from 1.54 to 1.48; nevertheless, given a t-value of -1.235 and a p-value of 0.217, this alteration is deemed statistically insignificant. This indicates that although the practices of working capital management may have evolved following the implementation of GST, likely as a result of more stringent cash flows arising from compliance deadlines for GST submissions, it did not significantly impact the overall short-term solvency of the firms examined. Notably, the Debt-Equity Ratio experienced a decline from 1.87 to 1.76, accompanied by a t-value of -2.152 and a p-value of 0.032, thereby affirming a statistically significant enhancement in leverage levels. This suggests that numerous enterprises either expedited their debt repayments or diminished their dependence on external financing, presumably bolstered by enhanced operational cash flows and a decrease in indirect tax liabilities under the GST framework. The fortification of financial resources is imperative for enduring sustainability and resilience, particularly in the face of unpredictable economic landscapes. Furthermore, the Earnings Per Share (EPS) experienced an increase from INR 21.8 to INR 24.5, accompanied by a noteworthy t-value of 2.931 and a p-value of 0.004, underscoring the augmented profitability that directly advantages shareholders. The aforementioned positive outcomes collectively furnish unequivocal evidence to dismiss the null hypothesis ( $H_0$ ) and embrace the alternative hypothesis ( $H_1$ ), indicating a substantial disparity in the financial performance of the selected companies prior to and subsequent to the implementation of GST. In summation, the evidence presented substantiates the assertion that GST has engendered significant financial advancements for enterprises across the varied sectors of Hyderabad, notably in manufacturing, information technology, pharmaceuticals, and infrastructure. The consolidated tax framework seems to have fostered reductions in costs, enhanced operational efficiency, and improved financial discipline universally. Nonetheless, it is imperative to recognise that the advantages were not equitably allocated; specific sectors, notably those characterised by intricate supply chains, experienced more significant benefits, whereas small and medium-sized enterprises in less formalised industries persisted in encountering difficulties pertaining to compliance and the prompt receipt of input tax credit refunds. Subsequent investigations ought to delve into the heterogeneity at the firm level and the enduring sustainability of these advantages, whilst policymakers must tackle remaining operational frictions to guarantee equitable benefits throughout the corporate landscape.

**References**

1. Bansal, S. (2020). *Impact of GST on Indian Economy*. *Indian Journal of Finance and Economic Management*, 12(2), 34–47.
2. Bhattacharya, D., & Jaiswal, K. (2024). *Financial Re-Engineering Through GST: A Decadal Analysis*. *Indian Economic Reforms Review*, 15(1), 41–59.
3. Deshmukh, A., & Narang, S. (2025). *Post-GST Business Restructuring and Profit Trends in Large Corporations*. *Global Journal of Accounting and Economic Policy*, 19(2), 73–91.
4. Iyer, V., & Reddy, M. (2023). *Sectoral Disparities in GST Compliance and Profitability Among NSE-Listed Companies*. *South Asian Journal of Business and Finance*, 11(3), 102–118.
5. Kaur, M., & Pillai, D. (2025). *GST Compliance and Financial Health of Service Sector Firms in Urban India*. *Journal of Regulatory Economics and Management Studies*, 13(1), 54–70.
6. Mehra, T., & Kulkarni, R. (2023). *GST and its Long-Term Financial Impact on Mid-Cap Firms in India*. *Journal of Contemporary Economics and Taxation*, 18(2), 65–82.
7. Rao, M. G. (2018). *GST in India: A Simple Tax in a Complex Federal System*. *Economic and Political Weekly*, 53(33), 52–61.
8. Shah, P., & Kapoor, N. (2019). *Corporate Solvency Post-GST: An Analytical Perspective*. *International Journal of Accounting Research*, 13(1), 77–89.
9. Sinha, R., & Verma, A. (2021). *Post-GST Financial Performance of Listed Companies: Evidence from India*. *Journal of Financial Studies*, 29(4), 112–129.
10. Tripathi, S. (2024). *Evaluating GST's Role in Enhancing Corporate Tax Efficiency*. *Journal of Indian Public Finance*, 22(4), 88–103.