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## Financial Statement Using Ratio Analysis

*Arun R S<sup>a</sup>*

<sup>a</sup> *Banashkari, Bengaluru-560085, India*

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### ABSTRACT

Financial declaration evaluation is a famous device for assessing a organization's economic performance and function. It includes assessing numerous sides of a organization's operations & monetary fitness the usage of monetary ratios estimated the use of facts from its financial statements. Ratio analysis is an critical part of the economic declaration evaluation because it permits experts needs to be evaluate firm's performances to enterprise requirements or to preceding intervals' overall performance. In monetary announcement the usage of the ratio evaluation I even have taken ten employer's last five years contemporary ratio about their performances in the market.

Keywords: Financial Statements, Ratio Analysis.

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### INTRODUCTION

Financial statement analysis, especially via the use of ratio evaluation, is a diagnosed technique for comparing a organisation's financial data to make informed choices. This process involves an intensive examination of a enterprise's earnings statement, balance sheet, and cash flow assertion to advantage a complete understanding of its monetary overall performance and balance. The primary objective of financial statement analysis is to provide facts that aids in assessing a commercial enterprise's stability, efficiency, and profitability. It allows the choice-making technique for buyers, lenders, and enterprise partners, helping them decide whether to invest inside the enterprise, provide economic assist, or have interaction in enterprise transactions with it.

Various techniques and equipment can be employed for monetary announcement analysis, inclusive of ratio evaluation, fashion analysis, horizontal and vertical evaluation, among others. These gear assist analysts in comparing a corporation's monetary performance with enterprise benchmarks, figuring out trends over time, and pinpointing strengths and weaknesses. Financial declaration analysis is a precious tool that must be utilized by all stakeholders concerned in making financial selections concerning a company, including investors, lenders, and control. It presents treasured insights into a agency's economic health while comparing investment possibilities, extending credit, or undertaking enterprise partnerships.

In economic statement analysis, 5 number one kinds are identified, which consist of comparative, not unusual size, fashion, and ratio evaluation. Ratio evaluation, mainly, is a essential tool within monetary assertion evaluation used to assess an corporation's monetary condition and overall performance. It includes calculating and comparing monetary ratios derived from a enterprise's economic statements, which includes the balance sheet, income declaration, and coins drift announcement.

- Ratio analysis encompasses various ratios that can be calculated to assess a company's economic performance, including:
- Liquidity ratios, consisting of the contemporary ratio and short ratio, degree a company's potential to meet quick-term obligations.
- Debt ratios, which includes the debt-to-equity ratio and interest insurance ratio, investigate a organisation's debt stage and its capability to pay off it.
- Profitability ratios, along with gross profit margin, operating margin, and net earnings margin, reflect a organization's profitability and efficiency.
- Efficiency ratios, like return on assets and go back on equity, examine how correctly a agency utilizes its belongings and equity.

Ratio evaluation permits the contrast of a agency's monetary role with that of its enterprise friends, historic overall performance, or different agencies. It serves as a critical device for managers, creditors, and buyers to evaluate a enterprise's monetary health and make informed decisions concerning investments, lending, or commercial enterprise partnerships.

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### REVIEW OF LITERATURE:

In accordance with Sir Garbutt (1972), a ratio serves as a way to express one numerical value in relation to another. The Oxford Dictionary defines it as the connection between quantities, decided by using how often one quantity is contained within the different. The usage of ratio analysis techniques

helps the assessment of giant figures by representing their connection as ratios or chances. This simplifies the translation of a company's financial statements by highlighting key aspects. Sir Lucey (1988) has the same opinion that monetary ratios act as guiding markers for techniques and policies. They are valuable for indicating beyond trends, assessing modern performance, and doubtlessly imparting insights into destiny tendencies, overall performance, or tactics inside a employer. From the aforementioned statistics, it may be deduced that ratios function a treasured tool for tracking and enhancing a employer's overall performance. To account for outside elements past managerial manipulate, inclusive of the outcomes of economic leverage, "Nissim & Penman (2001)" advise making use of an better version of the conventional DuPont version. This modified model evaluates control's overall performance based at the variables it may most successfully affect with the aid of comparing running income to income and basing asset turnover on running assets. The modified DuPont version has received reputation in financial analysis literature, as evidenced with the aid of works with the aid of "Pratt & Hirst (2008), Palepu & Healy (2008), and Soliman (2008)," among others. Furthermore, Soliman (2004) has observed that enterprise-precise DuPont additives provide greater accurate estimations than those applicable to the broader economic system, underscoring the higher validity of industry-particular ratios.

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## **METHODOLOGY:**

In the ratio analysis I am going to calculate current ratio of ten companies and their last five years

### **1) To calculate ratio analysis of ADANI WILMAR LTD**

ADANI WILMAR'S 2018 calculation

Current ratio = current asset /current liabilities

$$= 6879.59/ 5969.17$$

$$=1.152$$

ADANI WILMAR'S 2019's calculation

Current ratio = current asset /current liabilities

$$= 7812.13/ 7630.15$$

$$= 1.023$$

ADANI WILMAR'S 2020's calculation

Current ratio = current asset /current liabilities

$$= 7486.70/ 7052.29$$

$$=1.061$$

ADANI WILMAR'S 2021's calculation

Current ratio = current asset /current liabilities

$$= 8736.27/ 8379.29$$

$$= 1.042$$

ADANI WILMAR'S 2022's calculation

Current ratio = current asset /current liabilities

$$= 15456.22/ 10365.57$$

$$= 1.491$$

### **2) To calculate ratio analysis of BRITANIA**

BRITANIA 2018's calculation

Current ratio = current asset /current liabilities

$$= 2209.62/1382.71$$

$$= 1.598$$

BRITANIA 2019's calculation

Current ratio = current asset /current liabilities

$$= 2614.79/1613.26$$

$$=1.620$$

BRITANIA 2020's calculation

Current ratio = current asset /current liabilities

$$= 2612.72/1776.57$$

$$=1.470$$

BRITANIA 2021's calculation

Current ratio = current asset /current liabilities

$$=2950.39/2950.39$$

$$=0.898$$

BRITANIA 2022's calculation

Current ratio = current asset /current liabilities

$$=3066.14/2422.27$$

$$=1.265$$

### 3) To calculate ratio analysis of HATSUN AGRO

HATSUN AGRO 2018's calculation

Current ratio = current asset /current liabilities

$$= 555.55/657.03$$

$$=0.845$$

HATSUN AGRO 2019's calculation

Current ratio = current asset /current liabilities

$$= 604.75/ 704.53$$

$$=0.858$$

HATSUN AGRO 2020's calculation

Current ratio = current asset /current liabilities

$$= 603.79/ 899.02$$

$$=0.671$$

HATSUN AGRO 2021's calculation

Current ratio = current asset /current liabilities

$$= 795.19/ 993.64$$

$$=0.800$$

HATSUN AGRO 2022's calculation

Current ratio = current asset /current liabilities

$$= 881.46/ 881.46$$

$$=1$$

### 4) To calculate ratio analysis of HERITAGE FOOD LTD

HERITAGE FOOD LTD 2018's calculation

Current ratio = current asset /current liabilities

$$= 242.59/666.87$$

$$=-0.363$$

HERITAGE FOOD LTD 2019's calculation

Current ratio = current asset /current liabilities

$$=259.50/543.86$$

$$=0.477$$

HERITAGE FOOD LTD 2020's calculation

Current ratio = current asset /current liabilities

$$= 260.34/256.21$$

$$=1.016$$

HERITAGE FOOD LTD 2021's calculation

Current ratio = current asset /current liabilities

$$= 252.61/237.72$$

$$=1.062$$

HERITAGE FOOD LTD 2022's calculation

Current ratio = current asset /current liabilities

$$= 284.92/226.57$$

$$=0.127$$

#### **5) To calculate ratio analysis of HINDUSTAN FOODS LTD**

HINDUSTAN FOODS LTD 2018's calculation

Current ratio = current asset /current liabilities

$$=75.49/46.49$$

$$=1.623$$

HINDUSTAN FOODS LTD 2019's calculation

Current ratio = current asset /current liabilities

$$= 108.40/57.21$$

$$=3.153$$

HINDUSTAN FOODS LTD 2020's calculation

Current ratio = current asset /current liabilities

$$= 261.44/205.75$$

$$=1.270$$

HINDUSTAN FOODS LTD 2021's calculation

Current ratio = current asset /current liabilities

$$= 370.35/286.12$$

$$=1.294$$

HINDUSTAN FOODS LTD 2022's calculation

Current ratio = current asset /current liabilities

$$= 475.90/310.89$$

$$=1.530$$

#### **6) To calculate ratio analysis of IFB AGRO INDUSTRIES LTD**

IFB AGRO INDUSTRIES LTD 2018's calculation

$$\begin{aligned}\text{Current ratio} &= \text{current asset /current liabilities} \\ &= 183.82/96.43 \\ &=1.096\end{aligned}$$

IFB AGRO INDUSTRIES LTD 2019's calculation

$$\begin{aligned}\text{Current ratio} &= \text{current asset /current liabilities} \\ &= 206.31/86.48 \\ &=2.385\end{aligned}$$

IFB AGRO INDUSTRIES LTD 2020's calculation

$$\begin{aligned}\text{Current ratio} &= \text{current asset /current liabilities} \\ &= 213.88/59.51 \\ &=3.594\end{aligned}$$

IFB AGRO INDUSTRIES LTD 2021's calculation

$$\begin{aligned}\text{Current ratio} &= \text{current asset /current liabilities} \\ &= 336.45/81.05 \\ &=4.151\end{aligned}$$

IFB AGRO INDUSTRIES LTD 2022's calculation

$$\begin{aligned}\text{Current ratio} &= \text{current asset /current liabilities} \\ &= 341.56/66.80 \\ &=5.113\end{aligned}$$

#### **7) To calculate ratio analysis of JUBILANT FOOD WORKS LTD**

JUBILANT FOOD WORKS LTD 2018's calculation

$$\begin{aligned}\text{Current ratio} &= \text{current asset /current liabilities} \\ &= 441.99/524.04 \\ &=0.843\end{aligned}$$

JUBILANT FOOD WORKS LTD 2019's calculation

$$\begin{aligned}\text{Current ratio} &= \text{current asset /current liabilities} \\ &= 843.94/590.10 \\ &=1.430\end{aligned}$$

JUBILANT FOOD WORKS LTD 2020's calculation

$$\begin{aligned}\text{Current ratio} &= \text{current asset /current liabilities} \\ &=1076.17/2215.99 \\ &=0.485\end{aligned}$$

JUBILANT FOOD WORKS LTD 2021's calculation

$$\begin{aligned}\text{Current ratio} &= \text{current asset /current liabilities} \\ &=1057.50/2304.40 \\ &=0.458\end{aligned}$$

JUBILANT FOOD WORKS LTD 2022's calculation

$$\text{Current ratio} = \text{current asset /current liabilities}$$

$$=1092.42/2671.88$$

$$=0.408$$

**8) To calculate ratio analysis of LT FOODS LTD**

LT FOODS LTD 2018's calculation

Current ratio = current asset /current liabilities

$$= 1326.98/152.94$$

$$=8.676$$

LT FOODS LTD 2019's calculation

Current ratio = current asset /current liabilities

$$= 1351.59/193.06$$

$$=7.00$$

LT FOODS LTD 2020's calculation

Current ratio = current asset /current liabilities

$$=1268.08/166.76$$

$$=7.604$$

LT FOODS LTD 2021's calculation

Current ratio = current asset /current liabilities

$$= 1222.05/224.19$$

$$=5.450$$

LT FOODS LTD 2022's calculation

Current ratio = current asset /current liabilities

$$=1529.41/554.96$$

$$=2.755$$

**9) To calculate ratio analysis of MEGASTAR FOODS LTD**

MEGASTAR FOODS LTD 2018's calculation

Current ratio = current asset /current liabilities

$$=31.28/5.22$$

$$=5.992$$

MEGASTAR FOODS LTD 2019's calculation

Current ratio = current asset /current liabilities

$$=34.96/4.05$$

$$=8.632$$

MEGASTAR FOODS LTD 2020's calculation

Current ratio = current asset /current liabilities

$$= 26.77/4.02$$

$$=6.65$$

MEGASTAR FOODS LTD 2022's calculation

Current ratio = current asset /current liabilities

$$= 45.19/4.63$$

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=9.760

#### 10) To calculate ratio analysis of NESTLE

NESTLE 2018's calculation

Current ratio = current asset /current liabilities

=2673.38/3906.86

=0.684

NESTLE 2019's calculation

Current ratio = current asset /current liabilities

=2923.77/4379.20

=0.667

NESTLE 2020's calculation

Current ratio = current asset /current liabilities

=2937.14/5200.93

=0.564

NESTLE 2021's calculation

Current ratio = current asset /current liabilities

=3617.97/5845.55

=0.618

NESTLE 2022's calculation

Current ratio = current asset /current liabilities

=4195.75/6091.39

=0.688

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#### FINDINGS AND SUGGESTIONS:

The cutting-edge ratio, received with the aid of dividing a corporation's present day belongings by using its modern liabilities, serves as a hallmark of its brief-time period liquidity. A extra favorable cutting-edge ratio implies greater liquidity for the organisation. When the ratio stands at 1.5 or higher, it signifies a wholesome liquidity role, indicating that the organisation's modern-day belongings can sufficiently cover its present day liabilities. To investigate a organisation's modern ratio, it is useful to compare it with enterprise benchmarks, its historic overall performance, and the modern ratios of competitors. Additionally, it's important to recall factors like the corporation's profitability, liquidity, debt tiers, and its capability to generate coins go with the flow. For instance, take the example of HINDUSTAN FOODS LTD, which has a cutting-edge ratio of one.530, whilst its competitor, LT FOODS LTD in 2022, boasts a modern-day ratio of two.755. This suggests that HINDUSTAN FOODS LTD can be at a drawback in terms of liquidity compared to its competitor. Conversely, if a business enterprise's modern ratio surpasses that of its competitors, it might be higher placed to capture possibilities or resist monetary downturns. In summary, ratio analysis remains a vital tool for assessing a business enterprise's economic properly-being, allowing buyers to benefit insights into its monetary performance with the aid of comparing its contemporary ratio to enterprise peers and historic statistics.

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#### CONCLUSION:

In conclusion, economic assertion evaluation, mainly utilising ratio analysis, proves to be a precious method for assessing a corporation's monetary nicely-being and overall performance. The specific awareness in this analysis has been on the current ratio of ten companies over the last five years. This approach includes a complete assessment of various aspects of a corporation's operations and financial circumstance through the computation of financial ratios derived from its financial statements. Ratio evaluation is pivotal within monetary announcement evaluation, serving as a essential tool for comparing a corporation's performance to enterprise benchmarks and its own beyond overall performance. A numerous range of stakeholders, inclusive of investors, creditors, and control, depend upon economic statement analysis thru ratio analysis to make informed decisions concerning a company's monetary fitness and its possibilities for the destiny..

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**SCOPE FOR THE FUTURE:**

Financial statement evaluation via ratio evaluation entails a wide spectrum of stakeholders, encompassing traders, lenders, and management. This analytical device is relevant to corporations of all sizes and throughout various industries for assessing a employer's economic overall performance and role. The utilization of economic assertion ratio analysis is likely to stay a distinguished method for comparing a organisation's financial nicely-being inside the destiny. The capacity to efficiently gauge a organization's financial results and its function is expected to remain critical, especially as corporations confront possibilities and challenges within an ever-evolving financial panorama. The advancement of economic assertion analysis via ratio evaluation will also be extensively motivated by using the emergence of new technologies and the multiplied accessibility of financial facts. Anticipations encompass the evaluation of extra monetary statements and the calculation of ratios thru using machine gaining knowledge of and synthetic intelligence algorithms, enabling quicker and more specific checks. In precis, the future of ratio analysis within economic assertion evaluation seems promising, because it keeps to serve as a precious device for ascertaining a corporation's financial fitness and guiding choice-making techniques.

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