Ratio analysis for decision making, a study

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Abstract

Financial statements contemplate to feed financial information in summarized form of a business enterprise to consummate the exigencies of the decision-makers. Veridicality about the causatum and the financial substance of a business belied in statements bide mystic. To decipher peachy godsend and further facilitate the users make well-informed decisions, financial statements necessitate analysis, comparison, and interpretation with ratios. This paper bottomed on secondary data for the stage from 2017-2018 to 2021-2022 encompasses the application of accounting ratios for forging business decision taking Tata Steel Ltd. as the case study. This study unbosoms that the apposite financial information quested for making decision can be documented through the appliance of financial ratio analysis. Thus, management must substantiate that revelation of panoptic financial ratios outline basic financial statement drafted for the plenary perception of business enterprises.

Keywords: ratio analysis, business, decisions, financial statement.

Análise de relação para tomada de decisão, um estudo

Resumo

As demonstrações financeiras contemplam alimentar informações financeiras de forma resumida de um empreendimento empresarial para atender as exigências dos tomadores de decisão. A veracidade sobre o causatum e a substância financeira de um negócio desmentida em declarações bide místicas. Para decifrar a dádiva de Deus e facilitar ainda mais que os usuários tomem decisões bem informadas, as demonstrações financeiras exigem análise, comparação e interpretação com índices. Este artigo, baseado em dados secundários para o estágio de 2017-2018 a 2021-2022, abrange a aplicação de índices contábeis para forjar decisões de negócios, tomando a Tata Steel Ltd. como estudo de caso. Este estudo revela que as informações financeiras pertinentes buscadas para a tomada de decisão podem ser documentadas através da aplicação da análise de índices financeiros. Assim, a administração deve comprovar que a revelação dos índices financeiros panópticos delineia as demonstrações financeiras básicas elaboradas para a percepção plenária das empresas.

Palavras-chave: análise de relação, negócios, decisões, demonstração financeira.

1. Introduction

Of late with the profundity of intricateness of business sectors, there need to-be approaches to succor the stakeholders to pragmatize their financial decision-making. Financial analysis comes to appear itself as a felicitous alternative that would help these parties to make inebriated decisions about the unborn businesses. Financial ratios as impressive mode feed decision makers copious materials about the plausibility of the concerned entities. Plausibly, ratios as heady tool critique monetary potential of company and its disclosures are must-have to best varied scrapes (Gibson,1982).

Attainment of business and its effects can be appraised viewing ratios as key tool. Information presented by financial analysis eyeing ratios accredit management to shaping well-informed business decisions, name their strengths and weaknesses, and also predict the economic climate. Ratios feed healthy sign that manager is hopeful of firm’s future and back presage firm’s cogent postures of financial health in future, and adjudge expected earnings and dividends (Mitchell, 2006; Besley; Brigham, 2008). Ratio analysis interprets distinctive cue of financial statements and, thus, abets managers control and promotes organizations operations (Bull, 2007).

Ratios illuminate working effects of business. Further, it precipitates to espying valuable replication, boosting planning, controlling, forecasting and decision-making. Viewed thus, this study is projected to evince how ratio analysis bolsters management make rational astuteness and decisions about the extinct credentials, ongoing status, and future possibilities of Tata Steel Ltd.

1.1 Tata Steel Ltd., An Introduction

Established in 1907 as Asia's first integrated private sector steel company, Tata Steel Ltd. (formerly known as Tata Iron and Steel Company Limited or TISCO) is among the top-ten global steel companies with an annual crude steel capacity of over 34 million tonnes per annum. Tata Steel has a balanced global presence in over 50 developed European and fast growing Asian markets with manufacturing units in 26 countries. Tata Steel’s large production facilities comprise those in India, UK, Netherlands, Thailand, Singapore, China, and Australia.

Tata Steel’s vision is to be the world’s steel industry benchmark in “Value Creation” and “Corporate Citizenship” through the excellence of its people, innovative approach, and overall conduct. In 2012, Tata Steel became the first integrated steel company in the world outside Japan to win the Deming Grand Prize,2012 instituted by the Japanese Union of Scientists and Engineers for excellence in Total Quality Management. Continuous improvement in product and service portfolio along with success in value creating initiatives for customers allows to serve global growth markets. Tata Steel Ltd. has won many awards such as for the ‘R&D efforts in Industry’ by the Department of Science and Technology (1990, 2001, 2007), the best R&D laboratory in India award by NACE International (2004) and the award for the highest number granted patents amongst Indian owned private companies by the Ministry of Commerce & Industry (2011).

In 2021-22, the company conducted 20 new trials across the plant to establish new operating paradigm in Blast Furnaces for improved productivity. The company supplies hot-rolled, cold-rolled, galvanized, branded solution offerings and more. It has also proposed three Greenfield steel projects in Jharkhand, Orissa, and Chhattisgarh in India with additional capacity of 23 MTPA and a Greenfield project in Vietnam. Tata Steel has also been striving towards raw materials security through joint ventures in Thailand, Australia, Mozambique, Ivory Coast and Oman. Tata Steel has signed an agreement with Steel Authority of India Ltd. to establish 50:50 joint venture company for coal mining in India. Stepped in tradition for over a hundred years, Tata Steel Ltd. has numerous milestone events to boast of since its inception.

2. Literature review

Multiple ratios reckoning working capital aspects of a company let researchers extrapolate information in improved style (Raheman; Nasr, 2007; Gill et al., 2010; Sharma, 2016; Nadar et al., 2017). Various researchers have adopted financial ratios as research tool for capital structure decision and the factors determining it (Frank et al., 2009; Fischer et al., 2012; Berger et al., 2012; Sheridan; Wessels, 2012; Bradley Michael et al., 2012). Multiple methods of assaying financial ratios are experimented to predict small business failure; but few ratio variables can be exercised to predict failure of small business administration (Edmister 2009).

There is a close association between the degree of reciprocity on financial ratios and efficiency of professional performance of financial analysts and the degree of relativity on them in making core idea (Alqam, et al.,2021). The study prescribes the desideratum to highlight on the application of financial ratios pursuant to companies performance to devitalize credit risks and cinch strength to dodge their defaulting (Shaheen, 2019). Financial analysis tools facilitate managers to detect weaknesses and strengths, and also to address them for taking appropriate decisions and observing companies activeness (Al-Sartawi, 2019). Financial ratios are conducive to investment and borrowing decisions. Many banks are exposed to credit risks for deficiency in perception about financial ratios (Al-Qadi et al.,2016).

Financial statement interpretation through ratios is vital instrument for sound management decision-making in business (Olayinka, 2022). Application of ratios to interpret financial statements yields immediate cue of firms performance and status to varied users (Abdul-Baki et al., 2014). Information beseeched for budding investment can be documented through ratio analysis (Amran; Aripin, 2015). Exercise of financial ratios steers users for decisiveness having ripple effect on economy in general (Maidoki, 2013). Financial ratio analysis insinuates to meet the basic essentials of all doable investors necessitating all-embracing monetary database (Brearey, 2013; Mary; Wayne, 2010). Financial statement analysis via ratios is a vital instrument for good management decision-making in business (Olayinka, 2022). Divulgence of information contained in ratios metamorphoses management dibs to extend additional information to distinguish firms financial fors and againsts, and innate opportunities and threats (Aripin et al., 2011). A study is pursued to investigate different perspectives of usage of financial ratios as predictor of Malaysian stocks plantation (Tan et al., 2012) while ratios are wielded as root of construction firms failure (Ab. Halim et al., 2012). Disclosure of ratios reduces cost of equity (Zhou et al., 2018) and increases liquidity particularly in emerging markets (Schoenfeld, 2017).

The study on cannibalizing data amassed from the 111 Australian-listed extractive-resource companies from 2002 to 2006 demonstrates that income-tax and firm size are monstrously befriended with financial ratios which assist in decision-making (Taylor; Tower, 2011). The study based on information in the annual reports of 1066 Chinese firms listed on the Shanghai and Shenzhen Stock Exchanges observes positive association between disclosure levels of accounting ratios and financial leverage in New Zealand and China (Lan et al., 2013). Profitability ratios are important tools in making investment decisions. Investment ratios have direct relevance to shareholders decision-making process (Bhatia; Dhamija, 2015).

The study divulges that individual investors in the Amman Financial Market utilize financial ratios as tool to shape investment decisions. The study likewise ascertains that many investors are fascinated in cash flow list in framing investment decisions (Rima, 2018). The study observes high ownership percentage and liquidity ratio in the selected pharmaceutical companies which bespeaks against borrowing and suggests applying ratio tools in preparing budgets (Al-Attar, 2018). The study exposes that many banks rest on financial ratios for scrutinizing loan files and making decisions about financing. Financial ratios must be expounded in keeping with the pursuits and essence of the possibilities besides the market where it functions.

The study proposes for cultivating an integrated analytical model placed on tectonic financial ratios to safeguard banks as also their clients (Barakat, 2018). The study goads on the essentials to train managers on financial ratios and their interpretations to make sound decisions through observation of the organizations status wielding financial ratios and behave tellingly with their outcome (Bikaybah, 2019). The study discerns definite relationship between the extent of credence on financial analysis tools and the extent of efficacity of the scientific and professional performance of financial analysts and the extent of credence on them in making key decisions (Muhammad; Fawzi, 2020).

The study advocates the essential of exercising financial analysis tools in investment and borrowing decisions. Multifold banks are subject to credit risks frequently due to incomprehension, incognizant and reverie about financial ratio analysis mechanism (Al-Shatnawi et al., 2016). The study endorses to employ ratios as tool to detect weaknesses and strengths and facilitate managers in maneuvering weaknesses and fabricating wise decisions and observing companies activeness. The study also contemplates that all the selected companies have resorted to financial ratios to further investments and develop in bettering the volume of production lines (Abdel-Fattah, 2019).

2.1 Problem

Application of financial statements in decision-making is always challenging for the following:

- ✓ By virtue of the summarized nature of the information housed in financial statements, they need analysis and interpretation via financial ratios to enable management, etc. extrapolate and devise well-informed business decisions.
- ✓ Many users of financial statements have unfamiliarity about accounting ratios and are callow as to the application of financial statements for decision-making.
- ✓ Amidst the great good of ratio analysis, there are galore limitations lying behind its use.

In light of the above problems, this research is launched to finger the propitious usage of financial ratios, and the part ratio analysis illustrates in business decisions.

2.3 Centrality of the study

Worth of ratio analysis has acclimated an tectonic device in feeding distinct entities with impeccable insights for making cognitive decisions. Thusly, cachet of the study can be reckoned amid the following:

- Sense of information apportioned by diverse financial ratios in rationalizing manifold business decisions.
- Essence of financial analysis and its mechanisms as one of the major theme in accounting and financial domain in big organizations like Tata Steel Ltd.

- Uphill rat race among business sectors accentuating thirst for an healthy device that ameliorates decision-making, pragmatizing them and appraising companies accomplishment.

2.4 Objective

The paper purports to demonstrate the rationality of financial analysis using ratios and the magnitude to which they further in making financial decisions of the selected company, Tata Steel Ltd.

3. Materials and Methods

The study is descriptive in nature and conducted by variety literatures. Descriptive study has been preferred for developing better profundity of knowledge. Thus, this study purely adopts secondary data collection strategy, and reckons gobs of secondary sources accessed through Internet and academic databases viz. literature reviews, website, books, journals, annual reports, etc. for the application of financial ratios in decision making purpose of Tata Steel Ltd. for the period from 2017-2018 to 2021-2022.

The latest data available for the study is 2021-2022. Hence, the study is confined upto the period 2021-2022. Editing, classification and tabulation of the data have been done as per requirement of the study. For the purpose of assaying the potency of ratio analysis for decision making purpose of the company, varied statistical techniques like ratio, mean, etc., have been employed.

The corpus of this paper is limited to establish, in the first place, techniques of ratio analysis. In the second place, an assessment on the foremost mission endeavoring the effect of ratio analysis in decision-making process of Tata Steel Ltd., the selected giant company in the steel sector has been delineated. The author has fascinated company within steel industry as this type of industry is ballooning and revamping the contour of Indian economy. Mechanism of analysis is worthwhile for contemplating financial decision of the company.

3.1 Limitations

- Objectivity sprung on historical data cannot be meticulously sure fire thereon that corporate can do big swing in their operations for implicit heart-stopping exigencies.
- ✓ Data wielded for the study can have aggregated in distinct segment and hence, trend analysis pivoting on that data may be calumny.
- ✓ Distinctness in accounting period spawns interpretation of the company intricate.
- ✓ Irrefutable astounding strength like inflation may coerce a business to do metamorphosis in its activities and thus, contriving an assessment rest on such data may be fruitless.
- ✓ The study maneuvering ratio analysis slights the qualitative aspect of the company.
- ✓ As the study relates to specific steel company, findings and suggestions are confined to this company only.

4. Results and Discussion

4.1 Ratio analysis

Ratio analysis is a devise of financial statement analysis conducive to business decision-making in multiple crux areas. This analysis supports perception of sea changes in trends, and pertinence and investigation of the reasons basing those adjustments pursuant to decision attained.

i) Current Ratio (CR): CR indicates the extent of current soundness and degree of safety for the creditors (Schattke et al., 1969; Guthmann, 1964). High CR prorates granite to foot current liabilities. CR measures magnitude of short-term assets to meet firm’s short-term liabilities and evaluates its overall liquidity position (Frank; Alan, 2008a; Gibson, 1989a). Sporadically, sound CR reflects bad financial planning to management (Walker; Bough, 1964). A declining CR reveals deteriorating financial condition. An improving ratio, instead, might be the result of unwise stockpiling or it might apprise an honing financial situation. Table 1 & Figure 1 exhibit that CR of Tata Steel Ltd. is 1.35 times in 2017-2018 decreasing to 0.67 time in 2018-2019 and 0.65 time in 2019-2020. It increases to 0.97 time in 2020-2021 followed by a decrease to 0.58 time in 2021-2022. This ratio varies between 0.65 time in 2019-2020 and 1.35 times in 2017-2018 with principally 0.84 time. CR is constantly below the hypothetical norm of 2:1 evidencing displeasing solvency position of Tata Steel Ltd. Management should refurbish current assets to meet short-term obligations. CR botches eventual outcome about liquidity position as it contemplates quantity not quality of CA. Quality of short-term assets musts further analysis.

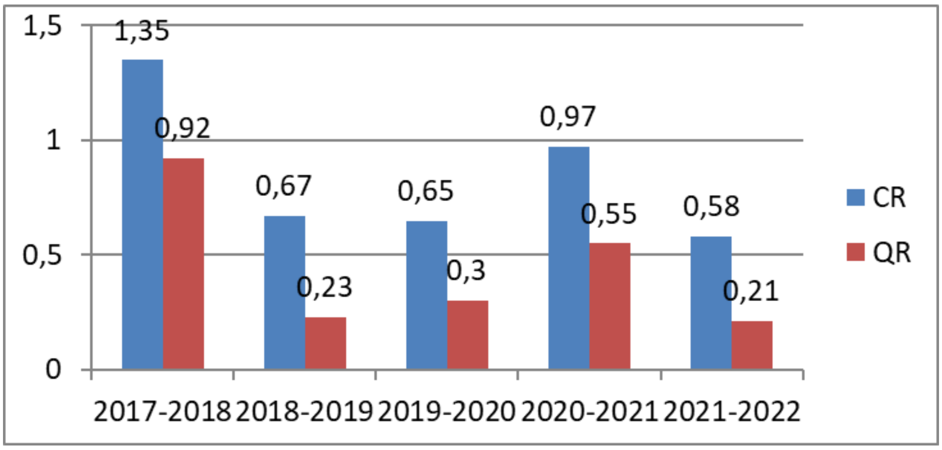

Figure 1. CR and QR of Tata Steel Ltd. Source: Annual Reports and Accounts. Note: Author's own elaboration, 2022.

ii) Quick Ratio (QR): QR rigorously measures firm's ability to meet short-term obligations. QR is much better indicator of firm's liquidity by excluding inventory, less liquid current asset, (Baker; Powell, 2009). QR okays financial officer to discern the circumstances if creditors intimidate for immediate payment especially when it is risible to boost sales or colossal loss approaches. Table 1 and Figure 1 depict that QRs behave consonantly like CRs in the company. On an average also, the ratio has been less than unity as against the hypothetical norm of 1:1 testifying insufficient quick assets to meet current obligations. Frail liquidity position of the company is observed over the years under study. A low quick ratio represents unwelcome liquidity position of the company.

Table 1. Financial Ratios of Tata Steel Ltd.

Ratios	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	π
CR (×)	1.35	0.67	0.65	0.97	0.58	0.84
QR (×)	0.92	0.23	0.30	0.55	0.21	0.44
NPM (%)	6.99	14.98	11.15	20.29	26.58	16.00
ROE (%)	6.77	14.95	9.04	18.08	26.31	15.03
DD	37	27	19	22	18	25
PD	161	130	123	167	161	148
ID	224	190	178	215	213	204
EPS (Rs.)	35.57	90.41	57.11	145.00	270.33	119.68
DPS (Rs.)	10	13	10	25	51	21.80
ATR (%)	47.64	51.35	40.18	0.51	0.64	28.06
DE (%)	41	38	53	34	26	38

Source: Annual Reports & Accounts. Note: Author's own elaboration, 2022.

iii) Net Profit Margin (NPM): NPM valuates the relationship between profit after taxes to net sales and company's ability to create profit out of sales (Monga; Ahuja, 2001a). NPM connotes management's ability to conduct business perspicuously and to relinquish margin of fair compensation to owners for systematizing their capital riskily. It demonstrates cost effectiveness of operation (Kennedy; McMullen, 1952). A high NPM ratio reveals favorable position while a low ratio has opposite implication. A corporation with low net profit margin ratio finds it complicated to perdure these supports. NPM is 6.99%, 14.98%, 11.15%, 20.29% and 26.58% in 2017-2018, 2018-2019, 2019-2020, 2020-2021 and 2021-2022 respectively. Table 1 and Figure 2 exhibit that the ratio has increased every year as to the last year except the year 2019-2020 when it is found stepping down. NPM varies from 11.15% in 2019-2020 to 26.58% in 2021-2022 with an average of 16.00%. It can be reasoned that the company has more or less cost-effective programme and is also striving to face the questioning of operating income or recession for its products by boosting sales.

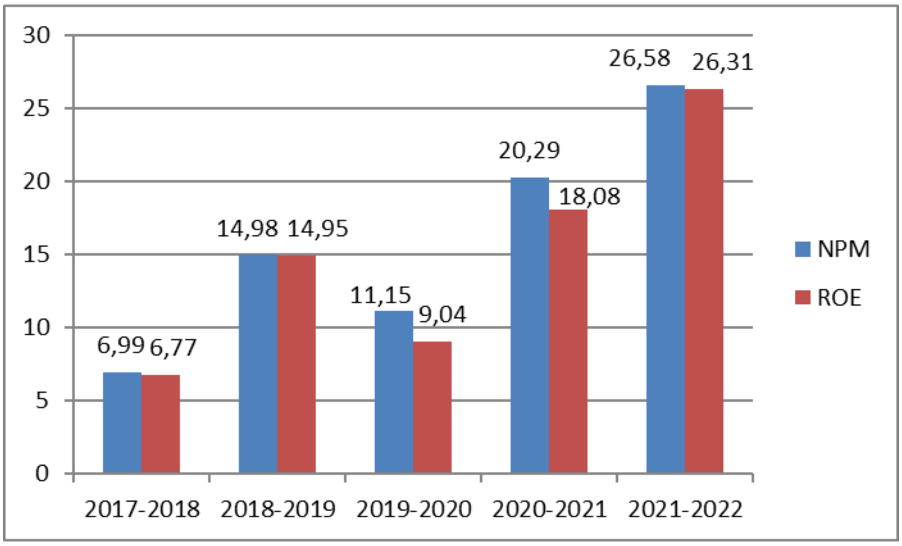

Figure 2. ROE and NPM of Tata Steel Ltd. Source: Annual Reports and Accounts. Note: Author's own elaboration, 2022.

iv) Return on Equity (ROE): ROE reckons residuum on owners investment which enterprise earns (Megginson; Smart, 2008; Monga; Ahuja, 2001b). Sound yield is prepollent objective of business. ROE is, thus, vehemence to the current beyond potential shareholders and also of intentness to management (ManMohan; Goyal,1979). Low return signals otiose concern for weak production, sales, corporate management; adverse business conditions or over-investment in fixed assets. However, high return appears efficient management, favorable business conditions and trading on equity.

Return can be bettered by exploiting borrowed funds at fixed rate of interest whereas earnings therefrom are higher than the net cost of these funds. Savings thus effected augment distributable profits. ROE in the company registers increasing trend except the year 2019-2020. This ratio varies from 6.77% in 2017-2018 to 26.31% in 2021-2022. Table.1 and Figure.2 show that collectedly, ROE is 15.03%. Increase in ROE reflects the better usage of shareholders equity by management. Company must take steps to swell more earnings for equity shareholders.

v) Debtors Days (DD): Average collection period or DD admeasures velocity of debtors collectability. DD bares how apace a firm collects from its credit sales (Gibson, 2010). Shorter DD, better the quality of debtors. Low DD proclaims efficient management of debtors and more liquid debtors (Pandey, 1988). Misgoverned working capital emplaces organizations in a financially poor to heave blooming for delay in debtors collection. Table.1 and Figure 3 evidence moderate fluctuation of DD in the years. Comparing 27 days in 2018-2019, there was a time lag of 37 days in 2017-2018. It decreased to 19 days in 2019-2020 followed by an increase to 22 days in 2020-2021 and decrease to 18 days in 2021-2022. DD, thus, decreases in every year except in 2020-2021. The company collects its debts within a month except in 2017-2018.

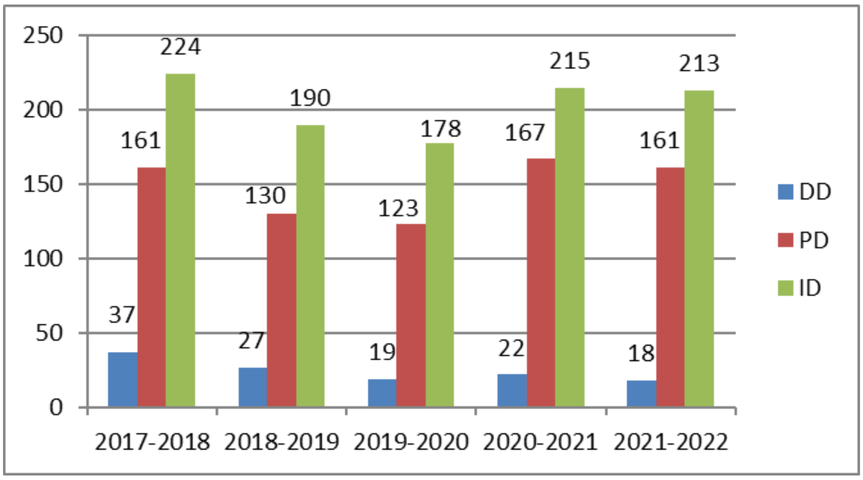

Figure 3. DD, PD, and ID of Tata Steel Ltd. Source: Annual Reports and Accounts; Note: Author's own elaboration, 2022.

Sometimes, low collection period hints restrictive credit policy. This happens when in apprehension of bad debt losses, company trades only with those customers who are financially sound and expeditious in disbursements. DD is highest (37 days) in 2017-2018 and lowest (18 days) in 2021-2022. Average is 25 days. Lower DD lessens the chances of bad debts. Credit extension fosters sales and captures new customers with a godsend on profitability. However, extension of credit also begets risks as customers experience funding constraints and bring decrement in collections (Amendola et al., 2013; Diaz; Vazquez, 2019a). Thus, DD serves as a pragmatic means of collectability and effectiveness of credit policy of business. However, DD ought to be read with payment days or PD.

vi) Average disbursement period/Payment Days (PD): PD reveals the time lag between the credit purchase date and the payment date. This ratio unveils how a company wields short-term financing to back its activities (Frank; Alan, 2005). A concern gets breath when creditors extend time. Table 1 and Figure 3 show that PD varies between 167 days in 2020-2021 and 123 days in 2019-2020 with overall 148 days. PD registers 161 days in 2017-2018 followed by a decrease to 130 days and 123 days in 2018-2019 and 2019-2020 respectively. It increases to 167 days in 2020-2021 followed by a decrease again to 161 days. PD is typically observed to be higher than DD under study which may be mused healthy sign.

vii)Inventory Days (ID): Analysis of ID signals about efficiency of inventory management. ID illustrate credibility of inventory management practices of firm (Bagad, 2008; David, 1977). A relatively rapid ID contributes to favorable results and inefficient utilization of stock. A firm should have neither too high nor too low ID. ID estimate how adroitly a business sustains befitting level of inventory (Frank; Alan,2008b). Firm would be perspicacious to eye the trend of ID and its deviations be rigorously studied. Table 1 and Figure 3 portray that ID decreases in every year except in 2020-2021. ID is 224 days, 190 days, 178 days, 215 days, and 213 days in 2017-2018, 2018-2019, 2019-2020, 2020-2021 and 2021-2022 respectively. ID varies from 178 days 2019-2020 to 224 days in 2017-2018 with an average of 204 days. Although ID decreases in almost every year, the company takes more than 180 days to dispose its stock which illustrates over-investment and delay in disposing.

viii) Earnings Per Share (EPS): EPS reckons profit available to equity shareholders. It does not contemplate magnitude of dividend paid or retention in business but only reflects how much equity shareholders ostensibly add. EPS customarily instances company's bottom line value. Table 1 and Figure 4 reveal fluctuating trend of EPS over the years. EPS is Rs.35.57, Rs.90.41, Rs. 57.11, Rs.145.00 and Rs.270.33 in 2017-2018, 2018-2019, 2019-2020, 2020-2021 and 2021-2022 respectively. Highest EPS is Rs.270.33 in 2021-2022 and lowest is Rs.57.11 in 2019-2020. Overall, EPS is Rs.119.68. Tata Steel Ltd. has moderate vantage. Increase in EPS indicates higher profit and provision for more returns.

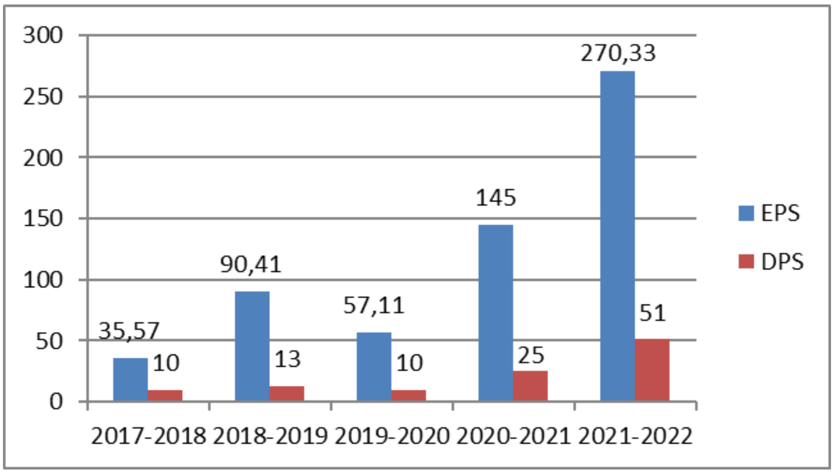

Figure 4. EPS and DPS of Tata Steel Ltd. Source: Annual Reports and Accounts. Note: Author's own elaboration, 2022.

x) Dividend Per Share (DPS): DPS shows the amount of dividend paid to ordinary shareholders on per share basis. Table 1 and Figure 4 exhibit increases in DPS except the year 2019-2020 when it shows same like the year 2017-2018. DPS are Rs.10, Rs.13, Rs.10, Rs.25 and Rs.51 in the years 2017-2018, 2018-2019, 2019-2020, 2020-2021 and 2021-2022 respectively. Mostly, DPS is Rs.21.8. Thus, it fluctuates from Rs.10 in 2019-2020 or in 2019-2020 to Rs. 51 in 2021-2022. DPS blazes moderate consistency amid the period of deliberation.

xi) Assets Turnover (ATR): ATR relates to the relationship between the sales and assets of an enterprise. A high ratio suggests management's ability to figure its tangible assets, but a low ratio may be due to large outlays on fixed assets. Table. 1 and Figure.6 exhibit that ATR of the company fluctuates from year to year. It varies from 0.51% in 2020-2021 to 51.35% in 2018-2019. ATR is 47.64%, 51.35%, 40.18%, 0.51% and 0.64% in 2017-2018, 2018-2019, 2019-2020, 2020-2021 and 2021-2022 respectively. Altogether, the ratio is 28.06%. ATR demonstrates that increase in sales is not tune with that of total assets.

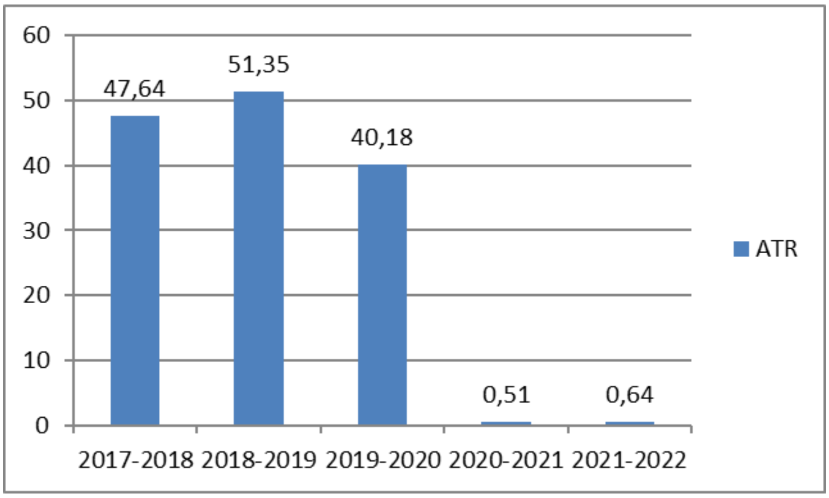

Figure 5. ATR of Tata Steel Ltd. Source: Annual Reports and Accounts; Note: Author's own elaboration, 2022.

xii) Debt-Equity Ratio (DE): DE reflects respective claim of creditors and shareholders in financing assets of company expressing the relationship between total liabilities and owner's equity (Paramasivan and Subramanian, 2008). Lower DE, higher the protection to creditors. Inversely, high ratio proffers more claims of creditors than owners. This is unpropitious from firm's perspective. DE demonstrates entity's long-term debt paying ability and unveils confines of debt protected by shareholders fund (Gibson, 1989b; Elliot; Elliot, 2009). A highly-debt financed company suffers stress and cannot even earn sufficient profits to pay interest charges. Hardships are further strengthened precipitating borrowed funds on preposterous terms. Debt and equity need an optimum stasis. Others money should be in a sane ratio to owners capital and owners should have passable venture. Table 1 and Figure 6 witness that DE in the company is 41%, 38%, 53%, 34% and 26% in 2017-2018, 2018-2019, 2019-2020, 2020-2021 and 2021-2022 respectively. This ratio ranges between 26% in 2021-2022 and 53% in 2019-2020 with about 38%. The company trusts own funds to embellish its activities over the period of observation. Proportion of debt is mostly less than equity. Shareholders fund has almost stability and management is driving to monitor debts.

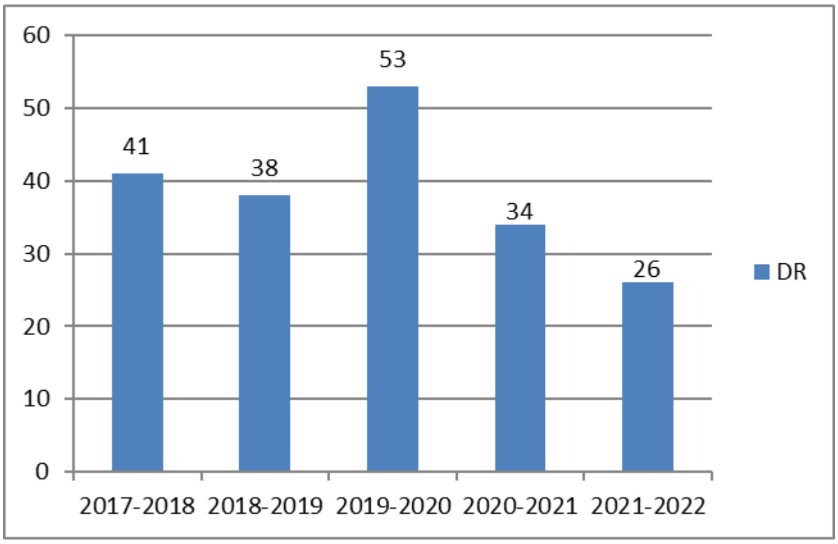

Figure 6. DR of Tata Steel Ltd. Source: Annual Reports and Accounts. Note: Author's own elaboration, 2022.

5. Conclusions

This study ventures to anatomize the pertinence of financial ratios to present comprehensive and concise information for decision making purpose through a case study. Dynamism of financial ratios catches the eye of the company over the years under cogitation. Ratios have dwelled towards the sweep of valuation, solvency, inventory management, capital structure, etc. which wus staged in the study. Ratios also snuggle explicit immanent extremity which should be fathomed for its optimum utilization as a tool. Ratios evaluate company's financial stature and operations and make likening with preceding years outgrowth or with other companies.

6. Suggestions

With reference to the findings of the study, the following suggestions are offered:

- Users of financial statements should have blonde details of accounting to foster them reason and crest accounting information.
- Users of financial ratios who are untaught to interpret information should seek the services of expert analysts, etc.
- As respects eye-catching character of financial ratios on decisions, it is pertinent that only adept bodies of the company should audit financial statements.
- Management of the company should use ratios with eagle eye for entente of the implication of the literal data evinced in financial statements to scape wrong inference and decision.
- To make ratios expressive, there is avidity to reckon other factors which ensure fairish divulgence on perpetration rather than bare window dressing for the use of both external and internal parties.

7. Implication of the study

Indian economy being afflicted by Covid-19 needs backing for infrastructure projects, placement, dent of pauperism, etc. The study insomuch as this diorama and also for husbanding the survival of glowing companies veraciously specifies and deciphers the handpicked financial ratios for happy accord and smooth-running. Thus, the study would succor the reader with cognition of all the eclectic relevance of financial ratios beyond assertive circumspection to be idolized.

8. Future study

The study is capped to insubstantial financial ratios only and precludes macroenvironment like inflation, stock market capitalization, etc. Thusly, with the tripling of peripheral aspects to decision-making, there is diapason for deeper research, preferably a juxtaposition among distinct companies on the topic.

9. Acknowledgments

This paper is dedicated to ALMIGHTY GOD who shows HIS blessings in all walks of my life.

10. Auhors' Contributions

Pradip Kumar Das: study design, writing, statistical analysis, grammatical and scientific corrections, submission, and publication.

11. Conflicts of Interest

No conflicts of interest.

12. Ethics Approval

Not applicable.

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