

## **“AN EXPERIENTIAL STUDY OF RATIO ANALYSIS”**

**ACHAREKAR SACHIN VILAS VIJAYA**

Assistant Professor, K. J. Somaiya College of Science & Commerce, Vidyavihar (E), Mumbai, Maharashtra, India

### **ABSTRACT**

Ratio analysis is a technical of presenting internal and external events affecting the business transactions relating to its operations, operating results and attainment of pre-determined goals and objectives of a business in brief and summary form. Ratio analysis is the process of determining and presenting the relationship of items or group of items in the financial statements.

In ratio analysis, a definite conclusion is drawn by establishing quantitative relationship between two or more items of financial statements. External parties such as investors, shareholders, creditors etc. require information about the financial soundness or weakness of the concern. Therefore, ratio analysis is used by all these parties including management to evaluate the performance of the concern. With the help of these ratios, the liquidity position, long-term solvency, operating efficiency or profitability and efficiency of a concern can be evaluated.

**KEYWORDS:** Classification of Ratios, Profitability Ratio, Coverage Ratio, Turnover Ratio, Financial Ratio, Liquidity Ratio and Stability Ratio, Advantages of Ratio Analysis, Limitation of Ratio Analysis