

Financial Ratio Analysis at PT. Indocement Tunggul Prakarsa Tbk. Registered on The Indonesia Stock Exchange for The 2016 - 2020 Period

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ABSTRACT

The present study investigates the evaluation of financial ratios, encompassing liquidity, solvency, and profitability ratios, at PT. Indocement Tunggul Prakarsa Tbk., a company listed on the Indonesia Stock Exchange, by analyzing financial reports spanning the period of 2016–2020. The present study employs a quantitative research methodology whereby the collected data is subjected to analysis in order to facilitate comprehension and interpretation through explanatory means. Upon conducting an analysis and subsequent discussion, the authors concluded that the assessment of financial ratios at PT. Indocement Tunggul Prakarsa Tbk. from 2016 to 2020 is primarily founded on liquidity and solvency ratios. The results indicate that the company's financial standing is generally favorable—the profitability ratios of PT. Indocement Tunggul Prakarsa Tbk. from 2016 to 2020, as analyzed through financial ratio analysis, indicates an average unfavorable state.

Keyword: Liquidity ratio, Solvency Ratio and Profitability Ratio

INTRODUCTION

In this era of globalization, competition in the business world is getting tougher. Currently, almost all companies in Indonesia carry out strategies to compete in running their business. (Effendi et al., 2016; Hosaka, 2019) There are

many strategies carried out by companies in Indonesia, both service companies, trading companies, and manufacturing companies, to survive in today's competition. One of the strategies undertaken by companies in Indonesia to survive in the competition of today's business companies is to make the company go public or a

public company that sells its shares on the Indonesia Stock Exchange (IDX). The Indonesia Stock Exchange (IDX) is one of the parties that organizes and provides a system and facilities to bring together offers of buying and selling securities of other parties to trade Securities between them. The Indonesia Stock Exchange is one of the stock exchanges that has developed rapidly in trading securities, so many companies trust it in selling and buying shares to maintain their business. 2 Currently, stocks are the main attraction for investors to invest. Because if they invest in shares, investors will benefit from buying and selling shares, receiving dividends, and getting bonus shares. In this case, the role of management is very influential in spending a company's business activities. (De Vito & Gómez, 2020; Zarei et al., 2020) Financial managers must be able to carry out financial management as well as possible so the company can carry out its various operational activities properly. So that the company can continue to grow and survive in today's business competition. To find out if a financial manager has carried out his financial management properly, it is by looking at the company's financial statements. (Climent et al., 2019)

Financial statements are frequently employed to evaluate the operational efficiency of an enterprise. The financial statements of a corporation can function as a gauge of its advantageous or disadvantageous state.

(Kaczmarek et al., 2021; Moscatelli et al., 2020) The standard components of financial reports include a balance sheet, commonly called a statement of financial position. The income statement, statement of changes in equity, and statement of cash flows are the customary financial documents utilized to report a company's financial performance. (Foster & Sidharta, 2019) In addition to the four discrete classifications of financial reports, financial statements incorporate supplementary annotations that furnish particulars about the financial statements, commonly denoted as Notes to Financial Statements (CALK). (Kou et al., 2021)

Upon finalizing the financial statements, the company must perform a comprehensive analysis of the financial statements. The analysis of financial statements is a frequently utilized approach to evaluating a firm's ability to overcome financial difficulties. Financial statement analysis facilitates the evaluation of a company's financial position, financial performance, and financial statement strength by its management. Financial ratio analysis is a prevalent method for evaluating financial statements. Financial ratio analysis is employed to evaluate the strengths and weaknesses of a company. Financial ratio analysis encompasses the process of assessing financial performance using diverse ratios. (Vo et al., 2022) The routine examination of financial performance generally involves the evaluation of three primary categories of ratios, namely liquidity

ratios, solvency ratios, and profitability ratios. (Boisjoly et al., 2020) The liquidity ratio is a quantitative measure utilized to assess the ability of an entity to meet its short-term financial obligations. The solvency ratio is a financial measure that assesses a company's ability to meet its long-term financial obligations. Profitability ratios evaluate a company's ability to generate profits based on its sales. The present investigation employs liquidity ratios, namely the current, quick, and cash ratios. (Dhole et al., 2019) The solvency ratios utilized comprise the debt-to-asset ratio, the debt-to ratio, and the long-term debt-to-equity ratio. The profitability metrics comprise the net profit margin, return on assets (ROA), and return on equity (ROE). The present investigation scrutinized a manufacturing enterprise, specifically PT. Indocement Tunggal Prakarsa Tbk. is listed on the Indonesia Stock Exchange. PT Indocement Tunggal Prakarsa Tbk is the second-largest cement producer in Indonesia, following PT Indonesian Cement. PT. Indocement Tunggal Prakarsa Tbk. It possesses twelve manufacturing facilities, four of which are situated in the Citeureup, Bogor Regency region. Two are located in Cirebon, while one can be found in Tarjun, South Kalimantan. This circumstance is favorable for investors seeking to allocate their financial resources. The following information pertains to the financial statements of PT—Indocement Tunggal Prakarsa Tbk. from

2016 to 2020 to analyze financial reports utilizing liquidity ratios.

Table 1. Current Assets, Current Liabilities, Inventories, and Cash and Cash Equivalents Period 2016-2020

Year	Current Asset	Current Debt	Supply	Cash and Cash Equivalents
2016	Rp13.133.854	Rp2.687.743	Rp1.608.670	Rp8.655.562
2017	Rp14.424.622	Rp3.187.742	Rp1.780.410	Rp9.674.030
2018	Rp12.883.074	Rp3.479.024	Rp1.768.603	Rp8.294.891
2019	Rp12.315.796	Rp3.925.649	Rp1.837.769	Rp7.225.876
2020	Rp12.829.494	Rp3.873.487	Rp1.895.176	Rp7.651.750

Source: Financial Report of PT. Indocement Tunggal Prakarsa Tbk. (2016-2020)

As seen in the table above, in 2016, the current assets were owned by PT. Indocement Tunggal Prakarsa Tbk. It amounted to IDR 13,133,854; in 2016, current assets increased to IDR 14,424,622. However, in 2018, current assets decreased to IDR 12,883,074; in 2019, they decreased again to IDR 12,315,796. However, in 2020 current assets have increased to IDR 12,829,494. Meanwhile, current liabilities always increase from 2016 to 2019. In 2016, the current debt was IDR 2,687,743 and continued to increase until 2019 to IDR 3,925,649. However, in 2020 current liabilities decreased to IDR 3,873,487. Then, the amount of inventory in 2016 was IDR 1,608,670 and increased in 2017 to IDR 1,780,410. In 2018 the total inventory decreased

to IDR 1,768,603. However, from 2019 to 2020, the amount of inventory again increased to IDR 1,895,176. Cash and cash equivalents also experienced increases and decreases. In 2016, the amount of cash and cash equivalents amounted to IDR 8,655,562; in 2017, the amount of cash and cash equivalents increased to IDR 9,674,030. However, from 2018 to 2019, the cash and cash equivalents decreased to IDR 7,225,876 and increased again in 2020 to IDR 7,651,750.

The following is the data in the financial statements of PT. Indocement Tunggal Prakarsa Tbk. Period 2016 – 2020 to analyze financial reports using solvency ratios.

Table 2. Total Debt, Total Assets, Long-Term Debt, and Total Equity Period 2016-2020

Year	Total Amount of Debt	Total Assets	Long-Term Debt	Total Equity
2016	Rp3.772.410	Rp27.638.360	Rp1.084.667	Rp23.865.950
2017	Rp4.011.877	Rp30.150.580	Rp824.135	Rp26.138.703
2018	Rp4.307.169	Rp28.863.676	Rp828.145	Rp24.556.507
2019	Rp4.566.973	Rp27.788.562	Rp641.324	Rp23.221.589
2020	Rp4.627.488	Rp27.707.749	Rp754.001	Rp23.080.261

Source: Financial Report of PT. Indocement Tunggal Prakarsa Tbk. (2016-2020)

Based on the table above in 2016, total assets amounted to IDR 27,638,360. Then in 2017, total assets increased to IDR 30,150,580. However, from 2018 to 2020, total assets continued to

decline 2020, which amounted to IDR 27,707,749. Meanwhile, total debt continued to increase from 2016 to 2020. Increases and decreases were also seen in long-term debt and total equity. From 2016 to 2019, long-term debt continued to decline. Long-term debt in 2016 amounted to IDR 1,084,667 and continued to decrease until 2019 to IDR 641,324. Nevertheless, in 2020, long-term debt increased to IDR 754,001. While the total equity in 2016 was IDR 23,865,950, and in 2017, it increased to IDR 26,138,703. Then, from 2018 to 2020, total equity decreases to IDR 23,080,261.

The following is the data in the financial statements of PT. Indocement Tunggal Prakarsa Tbk. Period 2016 – 2020 to analyze financial reports using profitability ratios.

Table 3. Net Profit, Sales, Total Assets, and Total Equity for the 2016-2020 Period

Year	Net Profit	Net Sales	Total Assets	Total Equity
2016	Rp4.356.661	Rp17.798.055	Rp27.638.360	Rp23.865.950
2017	Rp3.870.319	Rp15.361.894	Rp30.150.580	Rp26.138.703
2018	Rp1.859.818	Rp14.431.211	Rp28.863.676	Rp24.556.507
2019	Rp1.145.937	Rp15.190.283	Rp27.788.562	Rp23.221.589
2020	Rp1.835.305	Rp15.939.348	Rp27.707.749	Rp23.080.261

Source: Financial Report of PT. Indocement Tunggul Prakarsa Tbk. (2016-2020)

Based on the table above, it can be seen that in 2016 the sales volume was IDR 17,798,055 and continued to decrease until 2018 to IDR 14,431,211. From 2019 to 2020, sales volume increased again to IDR 15,939,348. An increase and decrease also followed the increase and decrease in sales volume in net profit, so from 2016 to 2018, the net profit of PT Indocement Tunggul Prakarsa Tbk. also continued to decrease. However, in 2019 sales increased, but profits decreased. The minor decrease in net profit was in 2019, namely a net profit of only IDR 1,145,937. However, in 2020 net profit increased to IDR 1,835,305.

The financial reports generated by PT. Indocement Tunggul Prakarsa Tbk encompasses several key components, including the Statements of Financial Position (also known as the Balance Sheet), Profit and Loss Reports, Reports of Changes in Capital, and Statements of Cash Flows.

The financial statements of PT. Indocement Tunggul Prakarsa Tbk revealed instability in the company's sources of funds and income, specifically in cash, debt, equity, and net income. Hence, the authors exhibit a keen interest in scrutinizing the financial statements of PT. Indocement Tunggul Prakarsa Tbk. PT. Indocement Tunggul Prakarsa Tbk. Employs

financial ratios, such as liquidity, solvency, and profitability ratios, to provide interested parties with information regarding the company's financial statements. This information aids in making informed business decisions and assessing the company's overall financial health.

Financial ratio analysis involves the computation of financial ratios by interrelating different financial figures presented in financial statements. The instrument in question is designed to analyze a company's performance by examining a range of financial indicators and relationships. Its primary purpose is to identify changes in the company's financial condition and operating performance over time and highlight trends in these changes. Doing so aims to provide insights into the risks and opportunities associated with the company in question.

Ratio analysis pertains to the mathematical relationship between two amounts, providing an analytical tool that enables an overview of a company's financial position. The ratio number is instrumental in determining the company's condition, whether it is favorable or unfavorable. The act of comparison is utilized as a benchmark or criterion.

As per the elucidation above, financial ratio analysis is deemed indispensable for conducting financial statement analysis. Financial ratio analysis is a commonly employed method for evaluating financial statements, as it enables the

assessment of a company's financial state and its strengths.

Financial performance refers to identifying particular metrics that can assess a firm's effectiveness in generating earnings. The utilization of financial ratios can yield various advantages, such as:

1. Using financial ratios to evaluate company performance and accomplishments can be practical.
2. Using financial ratios for analysis is a valuable tool for management in the planning context.
3. Financial ratio analysis is a viable approach to assessing a company's financial status.
4. Examining financial ratios is a valuable tool for creditors, as it enables them to assess the potential risks associated with ensuring the ongoing payment of interest and repayment of principal loans.
5. The utilization of financial ratio analysis can serve as a means to evaluate the stakeholders of an organization.

The benefits of utilizing ratio analysis can be enumerated as follows:

1. Ratios are numerical or statistical representations that are comparatively simpler to comprehend and analyze.
2. A simpler alternative to detailed and complex financial reports is available.
3. Understanding the company's placement amidst various industries

4. Materials are crucial in completing decision-making and predictive models, such as the Z-score.

5. Standardizing company size is recommended.

6. Observing the trends of a company and forecasting its future is a relatively straightforward task.

In addition to advantages, ratio analysis also has weaknesses. There are several weaknesses with the use of ratio analysis as follows:

1. The use of financial ratios will provide a relative measurement of the condition of a company.
2. Financial ratio analysis can only be used as an initial warning, not a conclusion.
3. Any data obtained that uses in analyzing is sourced from the company's financial statements. So, the data obtained may be data whose numbers have low accuracy.
4. Many financial ratio measurements are artificial. Artificial here means that humans calculate these ratios, and each party has a different view - different in placing the size and especially the justification for using these ratios.

METHOD

The present study employs a quantitative research methodology. Quantitative research necessitates the utilization of multiple numerical

values, beginning with the acquisition of data, the analysis of the data, and the presentation of the findings.

The research methodology employed in this study involves using a descriptive data analysis technique. Descriptive research pertains to the presentation, analysis, and interpretation of data to depict the current state of problem-solving.

The authors utilized secondary data from the official websites of PT. Indocement Tunggal Prakarsa Tbk (www.indocement.co.id) and the Indonesia Stock Exchange (www.idx.co.id) as their sources of data. Secondary sources do not furnish primary data to data collectors, such as through intermediaries or written records.

RESULT and DISCUSSION

Analysis of Financial Ratios Based on Liquidity Ratios

In 2020, PT. Indocement Tunggal Prakarsa Tbk exhibited a range of current ratios, with the highest ratio observed in 2017 at 488.66% and the lowest in 2020 at 313.73%. During the time frame of 2018 to 2019, PT. Indocement Tunggal Prakarsa Tbk. We experienced an unfavorable situation due to a decline in the ratio from 452.50% to 313.73%. The decline in question was the result of a decrease in current assets, specifically cash and cash equivalents, trade receivables from affiliated entities, and accounts for advances and guarantees, followed by an

increase in current liabilities, specifically third-party accounts payable, other payables from third parties and affiliated entities, customer guarantee funds, accrued expenses, short-term employee benefit obligations, and finance lease—the current ratio of PT. Indocement Tunggal Prakarsa Tbk. during the 2016–2020 period was found to be 391.28%, which suggests that the company is in a favorable state. This result is because the ratio exceeds the industry standard of 200%.

From 2015 to 2019, PT. Indocement Tunggal Prakarsa Tbk. Exhibited varying quick ratios. The highest quick ratio was observed in 2016, 428.81%, while the lowest quick ratio was recorded in 2019, amounting to 266.91%. During the timeframe spanning from 2017 to 2019, PT. Indocement Tunggal Prakarsa Tbk. We experienced an adverse situation characterized by a reduction in the ratio from 396.65% to 266.91%. The decline in question can be attributed to a reduction in the aggregate value of current assets, specifically cash and cash equivalents, trade receivables from related parties, advances, and guarantee accounts, coupled with an upswing in inventories and a rise in current liabilities, namely accounts payable of third parties, other payables from related parties and third parties, customer deposits, short-term employee benefits liabilities, and finance lease payables that mature within one year—the quick ratio of PT. Indocement Tunggal Prakarsa Tbk. from 2015 to 2019, with an average of 338.83%,

indicates the favorable condition of the company. This result is due to the ratio exceeding the industry standard of 150%.

From 2016 to 2020, PT. Indocement Tunggal Prakarsa Tbk. Experienced fluctuations in its cash ratio. The highest ratio was observed in 2016, reaching 322.04%, while the lowest was recorded in 2019, 184.07%. During the timeframe spanning from 2017 to 2019, PT. Indocement Tunggal Prakarsa Tbk. We experienced an unfavorable condition, as evidenced by a decline in the ratio from 303.48% to 184.07%. The observed reduction in value can be attributed to a decline in cash and cash equivalents and a rise in current obligations. Specifically, the increase in current liabilities is attributable to accounts payable to third parties, other payables from related parties and third parties, customer deposits, short-term employee benefits liabilities, and finance lease payables with a one-year maturity period. The cash ratio for the period spanning 2016 to 2020 was observed to be 249.11%, signifying that the organization is in a favorable state as the ratio surpasses the industry benchmark of 50%.

Analysis of Financial Ratios Based on Solvency Ratios

During the period spanning from 2016 to 2020, PT. Indocement Tunggal Prakarsa Tbk. Underwent variations in its debt-to-asset ratio. In 2020, the observed ratio for the company reached its highest point at 16.70%, whereas the lowest ratio was documented in 2016 at 13.31%. The

ratio increased from 14.92% to 16.70% between 2018 and 2020 due to an unfavorable circumstance that PT. Indocement Tunggal Prakarsa Tbk. Encountered. The increase in numerical values resulted from an upsurge in the aggregate amount of obligations, particularly short-term and long-term borrowings, in conjunction with a reduction in the total value of possessions, specifically current and non-current assets. PT. Indocement Tunggal Prakarsa Tbk. It maintained a debt-to-asset ratio of 15.00% between 2016 and 2020. This result implies that the company's financial condition is advantageous, as the ratio is below the industry benchmark of 35%.

During the period spanning from 2015 to 2019, PT. Indocement Tunggal Prakarsa Tbk. We encountered variations in its debt-to-equity ratio. In 2019, the company's ratio peaked at 20.05%, whereas in 2016, the lowest ratio of 15.35% was recorded. The ratio increased from 17.54% to 20.05% between 2017 and 2019, which was a pessimistic scenario for PT. Indocement Tunggal Prakarsa Tbk. The increase in total indebtedness resulted from escalating both short-term and long-term liabilities. Meanwhile, the decrease in total equity was attributed to the inclusion of other comprehensive loss accounts and retained earnings that still need to be allocated for utilization. From 2015 to 2019, PT. Indocement Tunggal Prakarsa Tbk. Maintained a debt-to-equity ratio of 17.68%. This result suggests that

the company's financial standing is advantageous, given that the ratio is below the industry average of 80%.

The long-term debt-to-equity ratio of PT. Indocement Tunggul Prakarsa Tbk. It demonstrated a variable pattern between the years 2015 and 2019. The company recorded the highest ratio in 2015, 4.54%, and the lowest ratio in 2018, 2.76%. The ratio increased from 3.15% to 3.37% between 2016 and 2017, indicating PT. Indocement Tunggul Prakarsa Tbk. was in an unfavorable situation. There was a rise in percentage from 2.76% to 3.27% from 2018 to 2019. The increase in the metric mentioned above was caused by a significant increase in long-term debt, particularly in long-term employee benefit obligations and long-term provisions, coupled with a decrease in total equity, specifically in other comprehensive loss accounts and unappropriated retained earnings. During the period spanning from 2015 to 2019, PT. Indocement Tunggul Prakarsa Tbk. exhibited a long-term debt-to-equity ratio of 3.42%. This figure suggests that the company's financial position is favorable, as it is lower than the industry average of 10%.

Financial Ratio Analysis Based on Profitability Ratios

The net profit margin of PT. Indocement Tunggul Prakarsa Tbk. Underwent fluctuations during the period spanning from 2016 to 2020. The maximum ratio was recorded in 2017,

amounting to 25.19%, whereas the minimum ratio was witnessed in 2019, 7.54%. During the timeframe spanning from 2018 to 2019, PT. Indocement Tunggul Prakarsa Tbk. Encountered adverse circumstances, as evidenced by a reduced net profit margin ratio from 12.89% to 7.54%. The reduction observed can be attributed to a decline in profits despite an upsurge in sales. The reduction in profitability can be attributed to a rise in both the cost of goods sold and operating expenditures—the net profit margin of PT. Indocement Tunggul Prakarsa Tbk. Between 2016 and 2020 was found to be 16.32%, which suggests that the company's financial performance is unfavorable as it falls below the industry average of 20%.

The fluctuation of the return on assets of PT. Indocement Tunggul Prakarsa Tbk. was observed from 2016 to 2020. The maximum ratio was observed in 2016, reaching 15.76%, whereas the minimum ratio was documented in 2019, amounting to 4.12%. A decline in its ratio from 12.84% to 4.12% from 2017 to 2019 indicates that PT. Indocement Tunggul Prakarsa Tbk. Experienced a difficult situation. The reduction in the figures can be attributed to a drop in net income, which traces back to a rise in the cost of goods sold and operating expenses. Additionally, there was a decrease in the overall value of assets, encompassing both current and fixed assets. The period spanning 2016 to 2020 saw PT. Indocement Tunggul Prakarsa Tbk. Record

an average return on assets of 9.16%. This figure indicates the company's unfavorable state, given that it falls significantly below the industry average of 30%.

The fluctuations in return on equity of PT. Indocement Tunggol Prakarsa Tbk. was observed between the years 2015 and 2019. The maximum ratio was recorded in 2016, amounting to 18.25%, whereas the minimum ratio was witnessed in 2019, which was 4.93%. During the period spanning from 2016 to 2019, PT. Indocement Tunggol Prakarsa Tbk. We experienced a decline in its financial performance, as evidenced by a decrease in its ratio from 14.81% to 4.93%. The observed reduction in performance was attributed to a decrease in net income caused by an upsurge in the cost of sales and operating expenses. Additionally, a decline in total equity, encompassing other comprehensive loss accounts and retained earnings that were not designated for use, contributed to this outcome. The period spanning 2015 to 2019 saw PT. Indocement Tunggol Prakarsa Tbk. Record an average return on equity of 10.70%. This figure indicates the company's unfavorable financial standing, falling significantly below the industry benchmark of 40%.

CONCLUSION

The present study has yielded certain conclusions regarding the liquidity ratio calculation at PT—

Indocement Tunggol Prakarsa Tbk, based on the outcomes of the conducted discussion. From 2016 to 2020, as indicated by the current ratio, the company underwent a decline in the ratio from 452.50% to 313.73% between 2017 and 2019. Moreover, based on the quick ratio, it can be observed that the organization underwent a decline between 2017 and 2019, with a decrease from 396.65% to 266.91%. Based on the cash ratio, it can be inferred that the company underwent a decrease from 303.48% to 184.07% from 2016 to 2018. This condition indicates that the organization is experiencing unfavorable circumstances—the solvency ratio of PT. Indocement Tunggol Prakarsa Tbk has been determined by calculating relevant financial data. During the 2016–2020 timeframe, the company's debt-to-asset ratio rose in 2018–2020, with an increase from 14.92% to 16.70%. Moreover, based on the debt-to-equity ratio, there was an upward trend in the ratio of the enterprise between 2018 and 2020, with an increase from 17.54% to 20.05%. Upon examination of the long-term debt-to-equity ratio, it was observed that the company rose in ratios during the years 2018 and 2020, specifically by 3.37% and 3.27%, respectively. This condition indicates that the organization is experiencing a negative state—the profitability ratio at PT. Indocement Tunggol Prakarsa Tbk has been determined through the calculation of relevant metrics. From 2016 to 2020, the company's net profit margin exhibited a

downward trend, with a decrease observed in 2018 and 2019, declining from 12.89% to 7.54%. Moreover, based on the analysis of the return on assets metric, it can be observed that the organization underwent a decrease in performance between 2017 and 2019, with a decline from 12.84% to 4.12%. Based on the return on equity metric, the company underwent a decrease between 2017 and 2019, with figures dropping from 14.81% to 4.93%. This situation indicates that the organization requires improvement—analyzing the liquidity ratio at PT. Indocement Tunggal Prakarsa Tbk. from 2016 to 2020 reveals that the company's average current ratio, quick ratio, and cash ratio are 391.28%, 338.83%, and 249.11%, respectively. These figures suggest that the company is in a favorable financial position, as they exceed industry average standards. Specifically, the industry average for the current standard ratio is 200%, the quick ratio is 150%, and the cash ratio is 50%. Moreover, the solvency ratio analysis reveals that the company's average debt-to-asset ratio, debt-to-equity ratio, and long-term debt-to-equity ratio are 15.00%, 17.68%, and 3.42%, respectively. These figures suggest that the company is in favorable condition, as the values of these ratios are lower than the industry standard averages. Specifically, the industry-standard average for the debt-to-asset ratio is 35%, the debt-to-equity ratio is 80%, and the long-term debt-to-equity ratio is 10%. The profitability ratio analysis shows that the

mean net profit margin stands at 16.32%, while the return on assets and equity are 9.16% and 10.70%, respectively. These figures suggest that the company's financial health is suboptimal, as they fall below the industry benchmarks for net profit margin, return on assets, and return on equity, which are 20%, 30%, and 40%, respectively.

Drawing from the findings above, recommendations can be put forth, indicating that the organization is anticipated to enhance its profitability metrics by mitigating the cost of goods sold and operational expenses, thereby augmenting the net profit. Additionally, the company is advised to optimize all its assets to generate revenue and improve the management of invested capital. In order to improve the liquidity and solvency ratios, the company must uphold its current debt while minimizing or decreasing long-term debt, curtail excessive inventory and cash usage, and ensure a steady increase in working capital. Moreover, it has the potential to generate revenue in order to ensure the repayment of the company's outstanding debt. In order to advance the research, an elucidation of the requisite policies to be implemented by the company to enhance its operational efficiency will be provided.

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