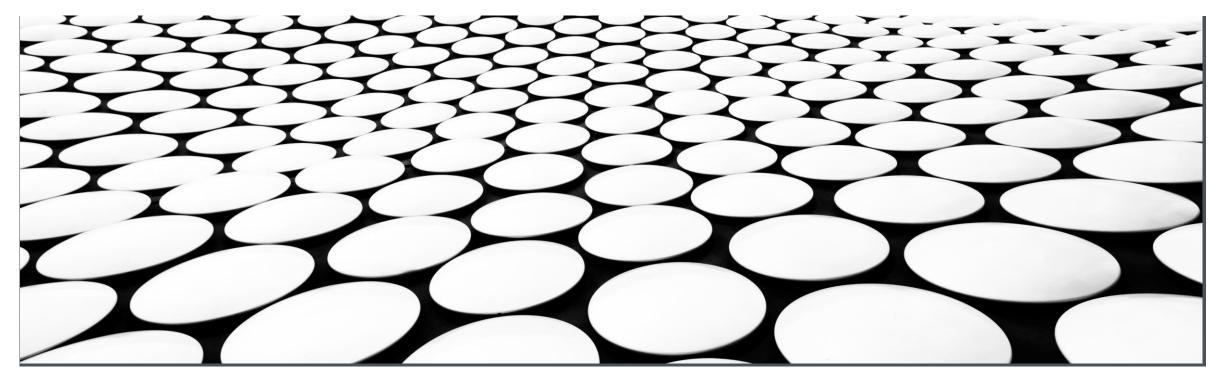
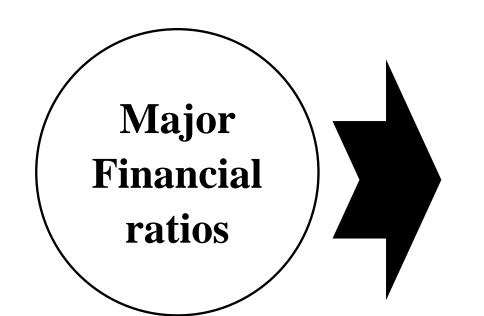
## **FINANCIAL ANALYSIS - RATIO ANALYSIS**

BY B D CHATTERJEE FCA, ACMA, ACS, DIP (IFR) ACCA - UNITED KINGDOM



## **RATIO ANALYSIS**

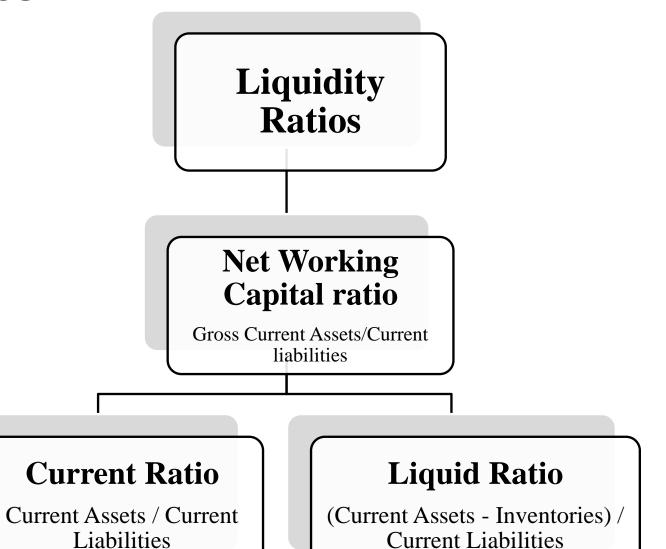
#### **FINANCIAL RATIOS**



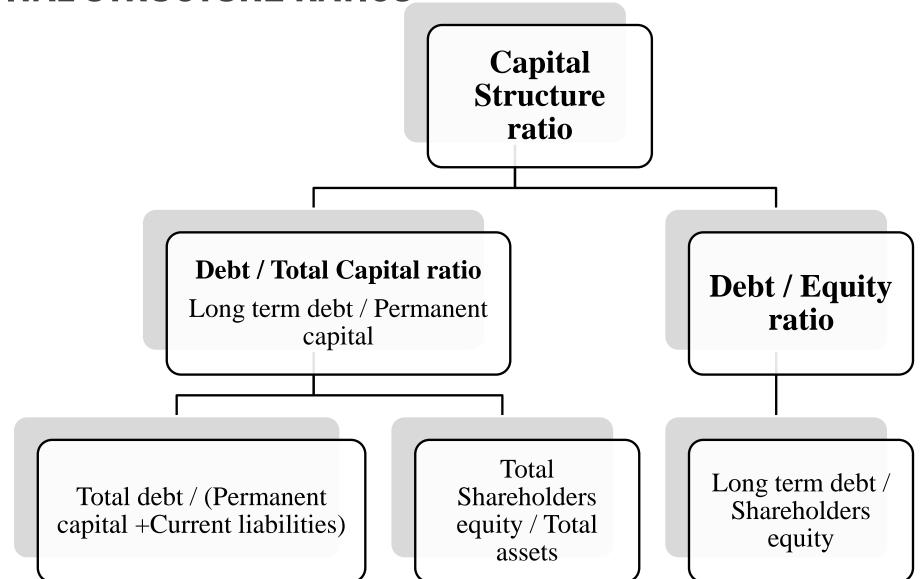


- Liquidity ratios
- Capital structure ratios
- Coverage ratios
- Profitability ratios
- Expenses ratios
- Capital turnover ratios
- Activity ratios
- Return on investments
- Shareholders' ratios

## **LIQUIDITY RATIOS**



#### **CAPITAL STRUCTURE RATIOS**



#### **COVERAGE RATIOS**

#### **Total Coverage ratio**

Earnings before Interest and Tax / Total fixed charges

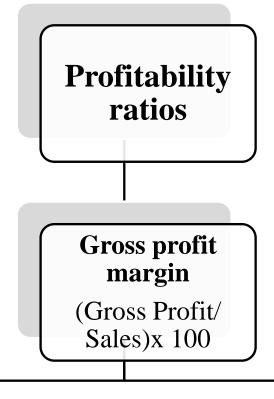
# Interest coverage ratio

Earnings before Interest and Tax / Interest

# Dividend coverage ratio

Earnings after tax / Preference Dividend

#### **PROFITABILITY RATIOS**



#### **EBITDA Margin**

(Earnings before Interest, Tax Depreciation, Amortization/Sales)x 100

#### **Net Profit Margin**

Net Profit after interest and tax / Sales)x 100

#### **EXPENSES RATIOS**

#### **Operating ratio**

(Cost of goods sold + other expenses)/Sales

#### **Cost of goods sold ratio**

Cost of goods sold / Sales

#### Other expenses ratio

Other expenses / Sales

Specific expenses / Sales

#### **CAPITAL TURNOVER RATIOS**

#### **Capital Turnover ratio**

Net Sales / (Non-current Assets + Net Current Assets)

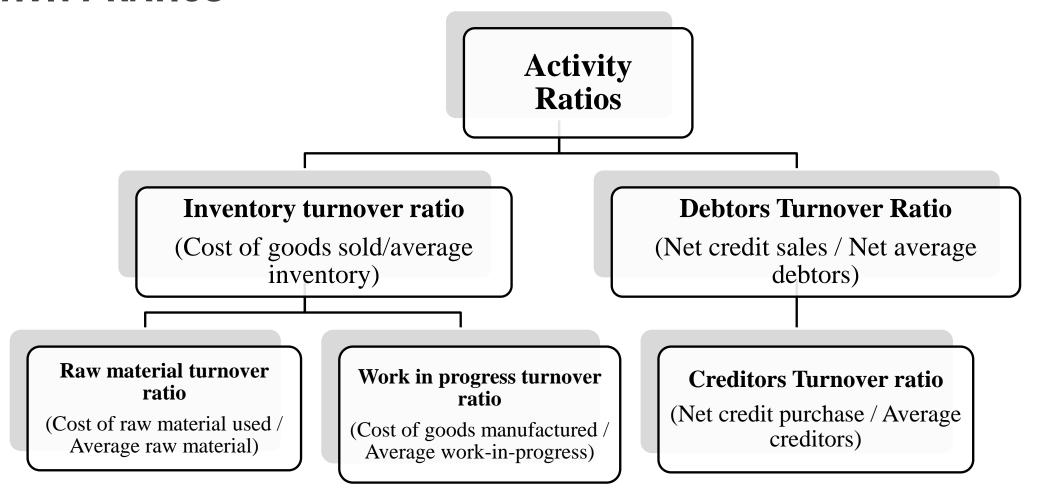
#### Non-current assets Turnover ratio

Net Sales /Non-current Assets

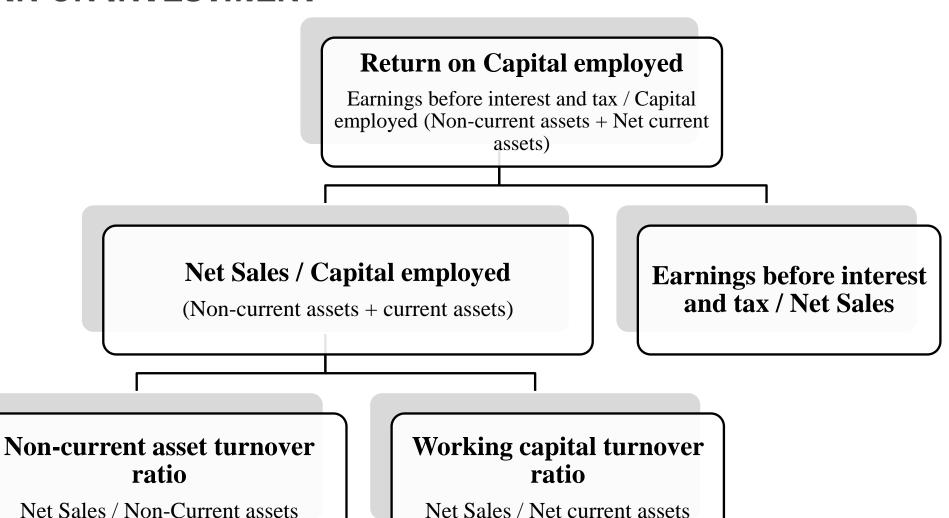
# Working capital turnover ratio

Net Sales /(Gross current assets - current liabilities)

#### **ACTIVITY RATIOS**



#### **RETURN ON INVESTMENT**



#### **SHAREHOLDERS' RATIOS**

# Shareholders' ratios

Earning per share
Earnings yield
Price earnings ratio

#### **Return on net worth**

(Net profit after tax / Total Shareholders' equity ) x 100

#### **Earnings per share** =

Net profit of equity shareholders / No. of equity shares

#### **Earnings yield** =

Earnings per share / Market price per shared

## Price Earnings ratio =

Market price per share / Earnings per share

#### **Return on equity**

(Net profit after tax - preference dividend) / Equity shareholders' equity) x 100

## **THANK YOU!**