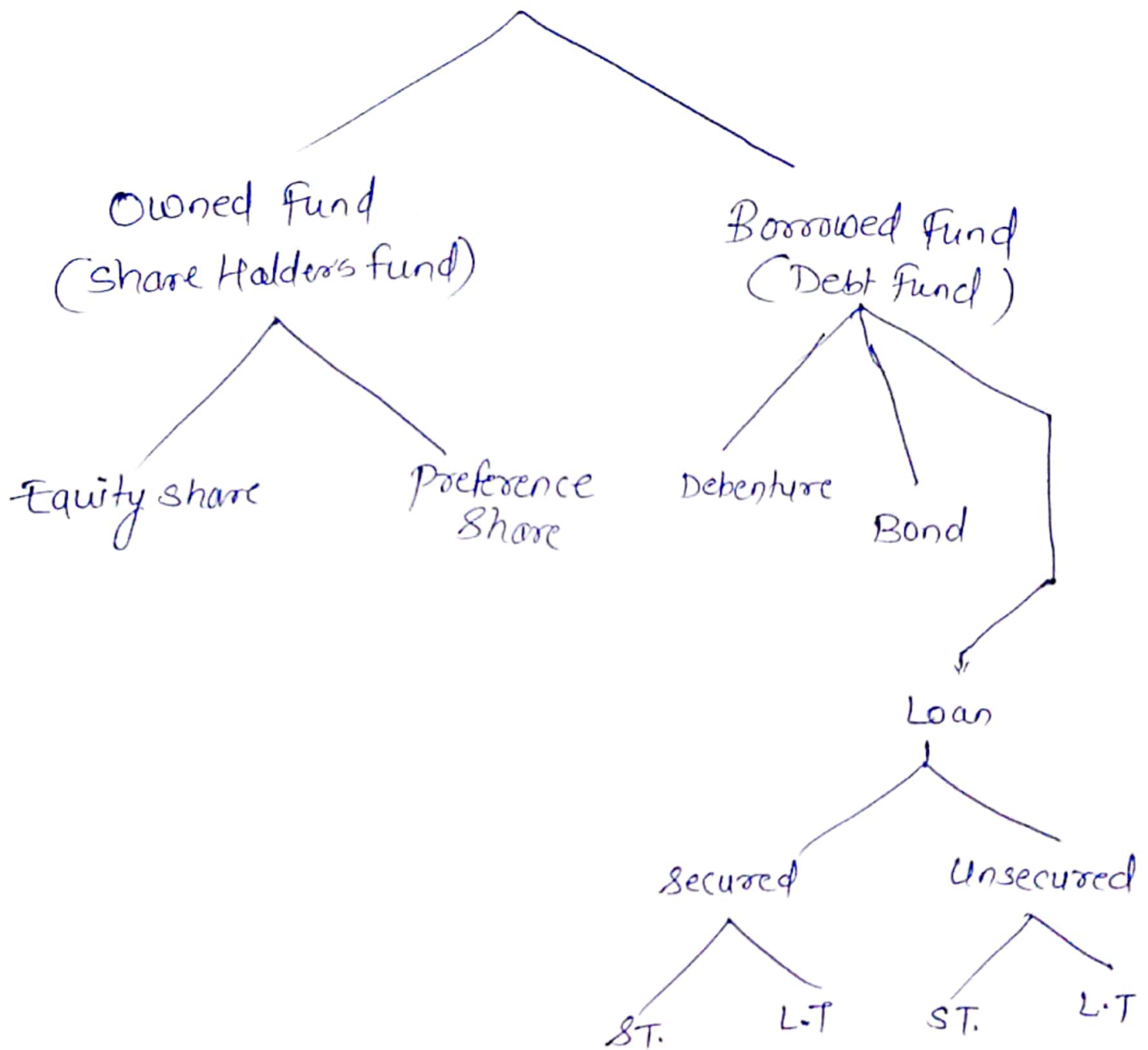


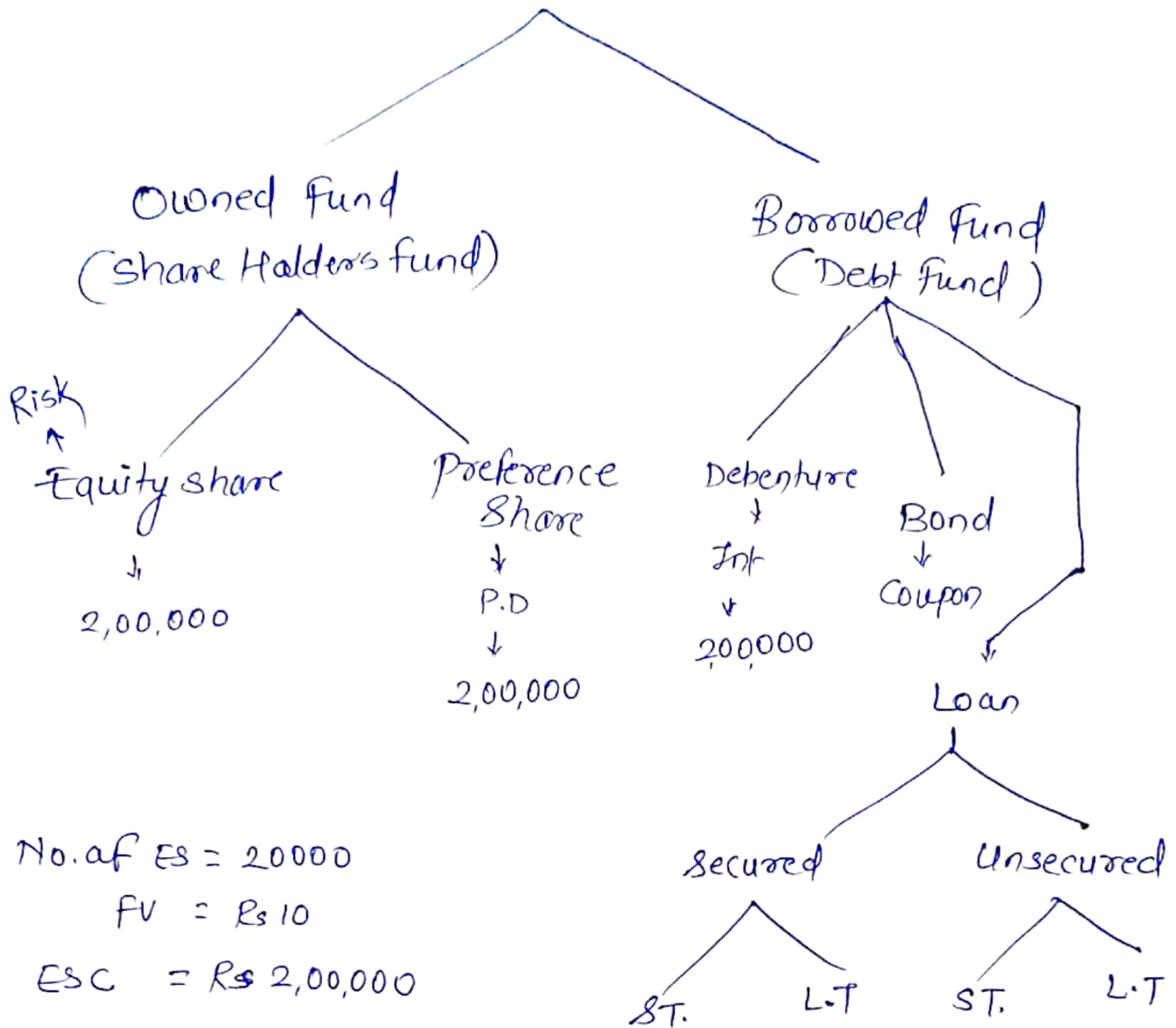
# Income Statement

Sales	
(-) V.C	
<hr/>	
Contribution	
(-) F.C	
<hr/>	
EBIT (Earning Before Int & Tax)	
(-) Int	
<hr/>	
EBT	
(-) Tax	
<hr/>	
EAT	
(-) P.D	
<hr/>	
Profit avail. to ESH	

# Sources of fund



# Sources of fund



# Income Statement

Sales
(-) V.C
<hr/> Contribution
(-) F.C
<hr/> EBIT (Earning Before Int & Tax)
(-) Int
<hr/> EBT
(-) Tax
<hr/> EAT
(-) P.D
<hr/> Profit avail. to ESH

Sales
(-) COGS
<hr/> G.P
(-) Operating exp.
Selling & Distribution exp.
Administration exp.
Financial Exp.
Depreciation
<hr/> EBIT
(-) Int
<hr/> EBT
(-) Tax
<hr/> EAT
(-) P.D
<hr/> Profit avail to ESH

Sales  
 (-) COGS  


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 G.P  
 (-) Operating exp  
     Selling & Distribution exp.  
     Administrative exp.  
     Financial Exp  
     Depreciation  


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 EBIT

(-) Int

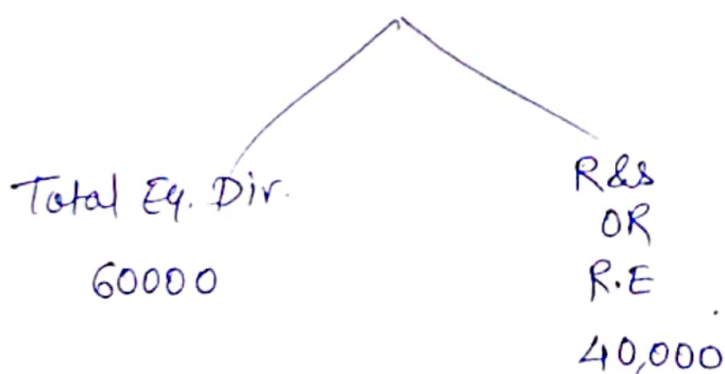
EBT

(-) Tax

EAT

(-) P.D

Profit avail to ESH 1,00,000



No. of ES = 20,000  
 FV = Rs 10  
 ESC = Rs 20,00,000

# Balance Sheet

Liability	Amt	Assets	<del>Amt</del> Amt
<u>Share Capital</u>		<u>A) Fixed Assets</u>	
A) ESC	XX	i) <u>Tangible</u>	
B) <u>R&amp;S</u>		Machinery	XX
General Res.	XX	Building	XX
Security Prem.	XX	Furniture	XX
P&L a/c	XX	ii) <u>Intangible</u>	
c) Preference share Cap.	XX	Goodwill	XX
D) Debt	XX	Patents	XX
		Trademarks	XX
E) <u>Current Liab</u>		B) Investment	XX
Creditors	XX		
Bills of payable.	XX	<u>c) Current Assets</u>	
Bank overdraft	XX	Debtors	XX
outstanding exp	XX	Bills Receivable	XX
		Stock	XX
		Cash & Bank Balance	XX
		Prepaid exp	XX
		D) <u>Fictitious Assets</u>	
		Share Issue exp.	XX
		preliminary exp.	XX



# Fundamental Analysis (Ratio Analysis)

## Formula's

### A) Liquidity Ratio

$$1) \text{ Current Ratio} = \frac{\text{Total Current Assets}}{\text{Total Current Liab.}}$$

$$2) \text{ Liquid (Quick) Ratio} = \frac{\text{Liquid Assets}}{\text{Liquid Liab}}$$

~~Exp~~

$$= \frac{\text{Total Current Assets} - \text{stock} - \text{prepaid exp}}{\text{Total Current Liab} - \text{Bank o/d.}}$$

### B) Profitability Ratio

$$1) \text{ Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Sales}} \times 100$$

$$2) \text{ Operating profit Ratio} = \frac{\text{EBIT}}{\text{Sales}} \times 100$$

$$3) \text{ Net Profit Ratio} = \frac{\text{EAT}}{\text{Sales}} \times 100$$

$$4) \text{ Return on Equity} = \frac{\text{Profit avail. to ESH}}{\text{ESC} + \text{R\&S}} \times 100$$

$$5) \text{ Return on Proprietor Fund} = \frac{\text{EAT}}{\text{ESC} + \text{R\&S} + \text{Pref.}} \times 100$$

Note

$$\text{proprietor fund} = \text{ESC} + \text{R\&S} + \text{Pref}$$

OR

$$\text{Return on Proprietor Fund} = \frac{\text{EAT}}{\text{proprietor fund}} \times 100$$

$$6) \text{ Return on Capital Employed (Return on Investment)} = \frac{\text{EBIT}}{\text{ESC} + \text{R\&S} + \text{Pref} + \text{L.T. Debt}} \times 100$$

Note

$$\text{Capital Employed} = \text{ESC} + \text{R\&S} + \text{Pref} + \text{L.T. Debt}$$

OR

$$\text{Return on Capital Employed} = \frac{\text{EBIT}}{\text{Capital Employed}} \times 100$$



c) Ratio Relevant for Equity Shareholder.

$$1) \text{ Earning Per Share (EPS)} = \frac{\text{Profit avail to ESH}}{\text{No. of ES}}$$

$$2) \text{ Price to Earning Ratio} = \frac{\text{Price}}{\text{Earning}}$$

$$= \frac{\text{MPS}}{\text{EPS}}$$

$$3) \text{ Dividend Payout} = \frac{\text{DPS}}{\text{EPS}} \times 100$$

Note

$$i) \text{ DPS} = \text{FV} \times \text{Div Payout}$$

$$ii) \text{ DPS} = \text{EPS} \times \text{Div Payout}$$

$$iii) \text{ DPS} = \frac{\text{Total Eq. Div}}{\text{No. of ES.}}$$

$$4) \text{ Dividend Yield} = \frac{\text{DPS}}{\text{MPS}} \times 100$$

c) Ratio Relevant for Equity shareholder.

$$1) \text{ Earning Per Share (EPS)} = \frac{\text{Profit avail to ESH}}{\text{No. of ES}}$$

$$2) \text{ Price to Earning Ratio} = \frac{\text{Price}}{\text{Earning}}$$

$$= \frac{\text{MPS}}{\text{EPS}}$$

$$3) \text{ Dividend Payout} = \frac{\text{DPS}}{\text{EPS}} \times 100$$

Note

$$i) \text{ DPS} = \text{FV} \times \text{Div Payout}$$

$$ii) \text{ DPS} = \text{EPS} \times \text{Div Payout}$$

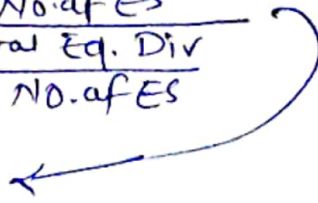
$$iii) \text{ DPS} = \frac{\text{Total Eq. Div}}{\text{No. of ES.}}$$

$$4) \text{ Dividend yield} = \frac{\text{DPS}}{\text{MPS}} \times 100$$

5) Dividend cover

$$i) \text{ Eq. Div. Cover} = \frac{\text{EPS}}{\text{DPS}} \Rightarrow \frac{\frac{\text{Profit avail to ESH}}{\text{No. of ES}}}{\frac{\text{Total Eq. Div}}{\text{No. of ES}}}$$

OR

$$\text{Eq. Div Cover} = \frac{\text{Profit avail to ESH}}{\text{Total Eq. Div}}$$


$$ii) \text{ Pref. Div. Cover} = \frac{\text{PAT}}{\text{P.D}}$$