DE RATIO

How to Calculate?

Debt to Equity (DE) Ratio = (Long Term Debt + Short Term Debt) divided by Total Equity or Shareholder's Fund.

Importance:

- Debt to equity ratio is an important tool used in financial analysis to enable potential investors to examine the health of a company.
- A high debt to equity ratio is an indication of low liquidity. It means that the entity is unable to finance its obligations and is dependent on the creditors. The probabilities of the entity to go bankrupt are high.
- Debt to equity ratio also helps in understanding shareholder's earning. A high debt implies that high interests are paid by the company which reduces profits significantly. A decrease in profit is a decrease in dividends paid to the ordinary shareholders.
- It is helpful for management to demonstrate the competition in the market.

TOTAL DEBT(IN CRS)

How to Calculate?

Total Debt:Long Term Debt + Short Term Debt.

Importance:

- A Low debt is an indication of high liquidity. It means that the entity is able to finance its obligations through the cash and reserves. The probabilities of the entity to go bankrupt or fail to survive the crisis become almost negligible.
- On the other hand high debt implies that high interests are paid by the company which reduces profits significantly. A decrease in profit is a decrease in dividends paid to the ordinary shareholders.

PROMOTER HOLDING (IN %)

How to Calculate?

Promoter holding signifies the percentage of shares that are held by the promoters of a company.

Importance:

High promoter holding indicates that the promotor is confident and bullish in his business.

PROMOTER PLEDGE (IN %)

How to Calculate?

Promoter Pledge: Percentage of Promoters pledge available from quarterly share holding pattern.

Importance:

High proportion of promoter pledging are viewed as risky by the market.

DIVIDEND YIELD

How to Calculate?

Dividend Yield: Dividend per share annualy financial year wise divided by Market value per share.

Importance:

The Dividend Yield is a financial ratio that measures the annual value of dividends received relative to the market value per share of a security.

TTM DIVIDEND YIELD

How to Calculate?

TTM Dividend Yield : Trailing 12 month dividend paid divided by Current Share Price.

Importance:

It helps the investors to be updated with the latest dividend, i.e, whether the dividend has been lowered or increased.

RECEIVABLE DAYS

Accounts Receivable Days:

How to calculate:

Accounts Receivable days: (Accounts receivable ÷ Annual revenue) x Number of days in the year

Importance:

- Accounts Receivable Days is the number of days that a customer invoice is outstanding before it is collected.
- The point of the measurement is to determine the effectiveness of a company's credit and collection efforts in allowing credit to reputable customers, as well as its ability to collect cash from them in a timely manner.

CURRENT RATIO

How to Calculate?

Current Ratio: Current assets divided by Current Liability.

Importance:

It helps to guage the liquidity position of the compan

3 MONTH AVG TURNOVER(IN CRS)

How to Calculate?

3 Month Avg Turnover(in Crs):Average of 3 month volume of share multiplied by price.

Importance:

- It helps investors to know how easily one can trade in the stock.
- It provides company's liquidity.
- Higher liquidity provides safety from manupulation.

BETA

How to Calculate?

Follow these steps to calculate Beta in Excel:

- Obtain the Daily prices of the stock, Obtain the Daily prices of the market index (i.e. Nifty 50 Index).
- Calculate the Daily returns of the stock, Calculate the Daily returns of the market index.
- Use the Slope function and select the daily returns of the market and the stock, each as their own series, The output from the Slope function is the Beta.

Importance:

- Beta is important because it measures the risk of an investment that cannot be reduced by diversification.
- A company with a Beta that’s greater than 1 is more volatile than the market.
- A company with a Beta that’s lower than 1 is less volatile than the whole market.
- A company with a negative Beta is negatively correlated to the returns of the market.

CREDIT RATING LONG TERM

Importance:

Provides the long term credit rating of the company.

CREDIT RATING SHORT TERM

Importance:

Provides the short term credit rating of the company.