

Assignment - 3

Balance sheet

Asset	₹	Liabilities
Depreciation value of long Term asset	800	Shareholder's equity
Investment	100	Capital
Current asset		Reserves and Surplus
Account receivable	300	Loans
Inventory	200	Current Liabilities
Cash & bank	100	Account Payable
Total	1500	Short term loans
		Total
		1500

Profit and Loss account

Sales	1000
Less: cost	
Manufacturing	300
Administrative	100
Sales & distribution	200
EBITDA or operating Profit	400
Less:	
Depreciation	60
Interest	60
Taxes	120

Net Profit 160

Profitability Ratio:

Operating Profit Margin

$$= \frac{\text{Operating Profit}}{\text{Sales}} \times 100$$

$$= \frac{400}{1000} \times 100$$

$$= 40\%$$

Net Profit Margin:

$$= \frac{\text{Net Profit}}{\text{Sales}} \times 100$$

$$= \frac{160}{1000} \times 100$$

$$= 16\%$$

Return Ratio:

Return of Capital Employed

$$= \frac{\text{EBIT}}{\text{SHE} + \text{L}}$$

$$= \frac{340}{1100}$$

$$= 30.90\%$$

Returns of Long term assets

$$= \frac{EBIT}{LTA}$$

$$= \frac{340}{800}$$

$$= 42.5\%$$

Returns of Net worth:

$$= \frac{\text{Net Profit}}{SHF}$$

$$= \frac{160}{500} \times 100$$

$$= 32\%$$

Coverage Ratio:

Interest coverage Ratio:

$$= \frac{EBIT}{\text{Interest}}$$

$$= \frac{60}{60} = \frac{340}{60}$$

$$= 5.6$$

Net debt to EBITDA

$$= \frac{\text{Total Debt} - \text{Cash and Cash equivalents}}{EBITDA}$$

$$= \frac{600 - 100}{400} = \frac{500}{400}$$

$$\begin{array}{r} NP = 10 \\ 100 \\ 10 \\ 110 \\ 120 \\ 9 \\ 8 \end{array}$$

$$= 1.25$$

Stability ratio:

Debt equity Ratio:

$$= \frac{\text{Total debt}}{\text{equity}}$$

$$= \frac{600}{500}$$

$$= 1.2$$

Long term debt equity ratio:

$$= \frac{\text{Long term debt}}{\text{Equity}}$$

$$= \frac{500}{500}$$

$$= 1$$

Liquidity Ratio:

Current Ratio:

$$= \frac{\text{current Assets}}{\text{current Liabilities}}$$

$$= \frac{600}{500}$$

$$= 1.2$$

Quick Assets:

$$= \frac{\text{Current Assets} - \text{Inventory}}{\text{current liabilities}}$$

$$= \frac{400}{500}$$

$$= 0.8$$

Dupont Analysis: NPM \times Asset Turnover \times Leverage/Equity Multiplier

$$= \frac{\text{net Profit}}{\text{sales}} \times \frac{\text{sales}}{\text{Asset}} \times \frac{\text{Asset}}{\text{Equity}}$$

$$= \frac{100}{1000} \times \frac{1000}{1500} \times \frac{1500}{500}$$

$$= 32\%$$

Solvency