Assingnment-2

Balance sheet

Particular	₹
Assets:-	
Depreciation value of long term asset	800
Investment	100
Current assets:-	
account Receivable	300
Inventory	200
Cash & Bank Balance total	1,500
Liabilities:-	
Shareholder's Equity	100
Capital	
Reserves & Surplus	400
Loans	500
Current liabilities	
account payable	400
Short term loans	100
Total	1,500

P&L a/c

Particular	₹
Sales	1,000
less: cost	
manufacturing	300
Administration	100
Sales & Distribution	200
EBITDA or Operating Profit	400
less:-	
Depreciation	60
Interest	60
Taxes	120
Net Profit	160

Profitability Ratio

$$OPM = \frac{EBITDA}{Sales} \times 100$$

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

$$= 0.4 \times 100$$

Operating Profit margin = 40%

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

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

$$= 0.16 \times 100$$

Net profit margin = 16%

Return Ratio

$$\text{Return of capital Employed} = \frac{EBIT}{SHF + loan} \times 100$$

$$= \frac{340}{500 + 1000} \times 100$$

$$\frac{340}{600+100} \times 100$$

$$= \frac{340}{1,500} \times 00$$

$$= 0.309 \times 100$$

Return of capital Equity = 309%

Return of long term asset = $\frac{EBIT}{LTA} \times 100$

$= \frac{340}{800} \times 100$

$= 0.425 \times 100$

ROLTA $= 42.5\%$

Return of net worth = $\frac{\text{Net Profit}}{SC (+) RES} \times 100$

$= \frac{160}{100+400} \times 100$

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

$= 0.32 \times 100$

Return of networth = 32%

Coverage Ratio :-

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

$= \frac{340}{60}$

Interest Coverage Ratio = 5.66

$$\text{Net Debit to EBITDA} = \frac{\text{Total Debit} (-) \text{Cash \& Cash Equlants}}{\text{EBITDA}}$$

$$= \frac{600 (-) 100}{400}$$

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

$$\text{Net Debit to EBITDA} = 1.25$$

Stability Ratio :-

$$\text{Debit Equity Ratio} = \frac{\text{Total Debit}}{\text{Equity}}$$

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

$$\text{Debit Equity Ratio} = 1.2$$

$$\text{Long term Debit Equity Ratio} = \frac{\text{Long term Debit}}{\text{Equity}}$$

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

$$\text{Long term Debit Equity Ratio} = 1$$

Liquidity Ratio :-

$$\text{Current Ratio} = \frac{\text{Current asset}}{\text{Current liabilities}}$$

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

$$\text{Current Ratio} = 1.2.$$

Quick ratio $= \dfrac{\text{Current Assets + inventories}}{\text{Current liabilities}}$

$$= \frac{500 - 100}{900}$$

$$= \frac{400}{900}$$

$QR = 0.8$

Dupont Analysis

$$= \frac{\text{Net Profit}}{\text{Sales}} \times \frac{\text{Sales}}{\text{Assets}} \times \frac{\text{Assets}}{\text{Equity}}$$

$$= \frac{160}{1000} \times \frac{1000}{1{,}500} \times \frac{1500}{500}$$

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

$= 32\%$

Relevancy

efficiency ratio?