

ASSIGNMENT - 5

DUPONT ANALYSIS:

Dupont analysis is a financial ratio used to analyze a company's overall performance. The dupont equation breaks down return on equity (ROE) in three separate components. These are profit margin, asset turnover and leverage.

this analysis can be helpful in identifying a company's strengths and weaknesses. It also highlights potential areas of improvement.

uses of DUPONT ANALYSIS:-

Dupont Analysis is the useful tool for evaluating the components that make up a company's ROE calculation. whether you're an analyst investor or manager, you can use dupont analysis to spot the causes for a shift in ROE track a company's financial performance and gather data make informed decision.

DUPONT ANALYSIS FORMULA:-

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

Dupont Analysis is a useful technique used to decompose the different drivers of return on equity (ROE).

~~Return~~