

Ratio Formula [FM]

1. on profitability Ratios

on Sales

$$1. \text{ Gross profit Ratio} = \frac{\text{Gross profit}}{\text{Net Sales}} \times 100$$

$$2. \text{ operating profit Ratio} = \frac{\text{operating profit}}{\text{Net Sales}} \times 100$$

$$3. \text{ Net profit Ratio} = \frac{\text{Net profit After tax}}{\text{Net Sales}} \times 100$$

$$4. \text{ operating Expenses Ratio} = \frac{\text{operation Exp.}}{\text{Net Sales}} \times 100$$

$$5. \text{ operating Cost Ratio} = \frac{\text{COGS + op. Exp}}{\text{Net Sales}} \times 100$$

Return on Capital

$$1. \text{ Return on Capital} = \frac{\text{EBIT}}{\text{CE}} \times 100$$

Return on Sharehold

$$2. \text{ Return on Sharehold} = \frac{\text{EAT}}{\text{SHF}} \times 100$$

Return on ESHF / ESC

$$3. \text{ Return on ESHF / ESC} = \frac{\text{NP For ESH}}{\text{ESHF (ES + R\&S)}} \times 100$$

Return on Total Assets

$$4. \text{ Return on Total Assets} = \frac{\text{EBIT}}{\text{Total Assets}} \times 100$$

2. Capital Structure Ratio

Short term (Liquidity)

$$1. \text{ Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{CA}{CL}$$

Acid Liquid Ratio

$$2. \text{ Quick Ratio / Liquid Ratio} = \frac{\text{Quick Assets}}{\text{Current Liabilities}} = \frac{QA}{CL}$$

$$3. \text{ Absolute Cash Ratio} = \frac{\text{cash + Bank + STI}}{\text{Current Liabilities}}$$

long term (Stability)

$$1. \text{ Proprietary Ratio} = \frac{\text{SHF}}{\text{Total Assets}} \times 100$$

$$2. \text{ Debt equity Ratio} = \frac{\text{Debt [Borrowings]}}{\text{Equity [SHF]}}$$

$$3. \text{ Capital Gearing Ratio} = \frac{\text{Debt + PSC}}{\text{Equity - PSC}}$$

4. Cash/Defence Internal Ratio :-

$$= \frac{\text{Cash} + \text{Bank} + \text{STI}}{\text{Daily operating Expenses}}$$

3. Turnover / Velocity / Overall Measure

Turnover
 (In time)

Velocity

[In Date / m/w]

1. Stock Turnover Ratio

$$= \frac{\text{COGS}}{\text{Avg. Stock}}$$

1. Stock velocity / Stock
 holding period

$$= \frac{\text{Avg. Stock}}{\text{COGS}} \times 365$$

2. Debtors Turnover Ratio

$$= \frac{\text{Net Credit Sales}}{\text{Avg. Debtors} + \text{Avg BIR}}$$

2. Debtors velocity / Avg. Collection
 Period

Avg. Debtors + Avg BIR

$$= \frac{\text{Avg. Debtors}}{\text{Net Credit Sales}} \times 365$$

3. Creditors Turnover Ratio

$$= \frac{\text{Net Credit purchase}}{\text{Avg. Creditors} + \text{Avg Bills payable}}$$

3. Creditors / Velocity / Avg. Pay-
 ment Period

$$= \frac{\text{Avg. Creditors}}{\text{Net Credit purchase}} \times 100$$

4. Fixed assets Turnover Ratio

$$= \frac{\text{Net Sales}}{\text{Fixed assets}}$$

5. Total Assets Turnover Ratio

$$= \frac{\text{Net Sales}}{\text{Total Assets}}$$

6. Capital Turnover Ratio

$$= \frac{\text{Net Sales}}{\text{Capital Employed}}$$

4. Investor / Market Ratio :-

$$1. \text{Earning per Share} = \frac{\text{EAT} - \text{Pref. Div}}{\text{No. of eq. Share}} \quad \text{or} \quad \frac{\text{MPS}}{\text{PIE Ratio}}$$

[EPS]

$$2. \text{Dividend per Share} = \frac{\text{Equity Dividend}}{\text{No. of eq. shares}}$$

(DPS)

$$3. \text{Price earning Ratio (P.E)} = \frac{\text{MPS}}{\text{EPS}} \quad \text{or} \quad \frac{\text{MPS}}{\frac{\text{Market Capitalisation}}{\text{No. of eq. shares}}}$$

MPS = EPS X P.E Ratio

$$4. \text{Dividend payout Ratio} = \frac{\text{DPS}}{\text{EPS}} \times 100$$

$$5. \text{Dividend Yield} = \frac{\text{DPS}}{\text{MPS}} \times 100$$

$$6. \text{Earning Yield} = \frac{\text{EPS}}{\text{MPS}} \times 100 \quad \text{[Balance transfers Reserves]}$$

$$7. \text{Stock - working Capital Ratio} = \frac{\text{Closing Stock}}{\text{W. capital}} \times 100$$

$$8. \text{Int Coverage Ratio} = \frac{\text{EBIT}}{\text{Interest}}$$

$$9. \text{Pref. Dividend Cover Ratio} = \frac{\text{EAT}}{\text{Pref. Dividend}}$$

$$10. \text{equity Dividend Cover Ratio} = \frac{\text{NP For ESH}}{\text{Eq. Dividend}}$$

$$11. \text{Debt Service Coverage Ratio} = \frac{\text{EBIT} + \text{Dep}^n - \text{Tax}}{\text{loan Installment} + \text{Interest}}$$

12. Book value per share = $\frac{\text{All assets} - \text{outside liabilities}}{\text{No. of equity shares}}$

$$\frac{\text{FSC} + \text{RSS}}{\text{No. of Eq. shares}}$$

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13. Net Fund Flow = $\text{NPAT} + \text{Dep}^n [\text{CFAT}]$