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RATIOS - KEY FINANCIAL RATIOS

Key Ratios :

Debt-Equity Ratio

A measure of a company's financial leverage calculated by dividing its total liabilities by stockholders' equity. It indicates what proportion of equity and debt the company is using to finance its assets.

$(\text{Total debt} / (\text{share capital} + \text{reserves}))$

Long Term Debt-Equity Ratio

A measure of a company's financial leverage calculated by dividing its total long term liabilities by stockholders' equity. It indicates what proportion of equity and debt the company is using to finance its assets.

$(\text{total debt} - \text{cash credit} - \text{commercial paper} - \text{bridge loans} - \text{short term loans to group companies} - \text{short term loans to others} - \text{inter corporate deposits} - \text{working capital loans}) / (\text{share capital} + \text{reserves})$

Current Ratio

A liquidity ratio that measures a company's ability to pay short-term obligations.

$(\text{total Inventory} + \text{sundry debtors} + \text{cash and bank balance} + \text{loans and advances}) / (\text{total current liabilities} + \text{cash credit} + \text{commercial paper} + \text{bridge loans} + \text{short term loans to group companies} + \text{short term loans to others} + \text{inter corporate deposits} + \text{working capital loans})$

Turnover Ratios :

Fixed Assets

Asset turnover measures a firm's efficiency at using its assets in generating sales or revenue - the higher the number the better. It also indicates pricing strategy: companies with low profit margins tend to have high asset turnover, while those with high profit margins have low asset turnover.

$(\text{Sales} / (\text{gross fixed assets excluding capital work in progress} - \text{revaluation reserve}))$

Inventory

A ratio showing how many times a company's inventory is sold and replaced over a period :

$(\text{Sales} / \text{total inventory})$

Debtors

Debtors turnover ratio or accounts receivable turnover ratio indicates the velocity of debt collection of a firm. In simple words it indicates the number of times average debtors (receivable) are turned over during a year.

$(\text{Sales} / \text{sundry debtors})$

Interest Cover Ratio

A ratio used to determine how easily a company can pay interest on outstanding debt. The interest coverage ratio is calculated by dividing a company's earnings before interest and taxes (EBIT) of one period by the company's interest expenses of the same period:

$(\text{adjusted net profit} + \text{tax} + \text{interest}) / \text{interest}$

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Profitability Ratios:

PBIDTM (%)

$(\text{adjusted gross profit} + \text{interest} / \text{sales}) * 100$

PBITM (%)

$(\text{adjusted gross profit} + \text{interest} - \text{depreciation} / \text{sales}) * 100$

PBDTM (%)

$(\text{adjusted gross profit} / \text{sales}) * 100$

CPM (%)

$(\text{adjusted net profit} + \text{depreciation}) / \text{sales} * 100$

APATM (%)

$(\text{adjusted net profit} / \text{sales}) * 100$

ROCE (%)

$(\text{adjusted net profit} + \text{tax} + \text{interest}) / (\text{share capital} + \text{reserve} + \text{total debt} - \text{miscellaneous exp. Not written off}) * 100$

RONW (%)

$(\text{Adjusted net profit} - \text{preference dividend}) / (\text{equity paid up} + \text{reserves}) * 100$

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Valuation Ratios :

Price Earning (P/E)

A valuation ratio of a company's current share price compared to its per-share earnings.
(price / eps)

Price to Book Value (P/BV)

A ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest book value per share.
(Networth / No. of shares)

Price/Cash EPS (P/CEPS)

A valuation ratio of a company's current share price compared to its per-share cash earnings.
(price / ceps)

EV/EBITDA

EV/EBITDA is a valuation multiple that is often used in parallel with, or as an alternative to, the P/E ratio. The term EBITDA is an acronym for Earnings Before Interest, Taxes, Depreciation, Amortization. An advantage of this multiple is that it is capital structure-neutral. Therefore, this multiple can be used for direct cross-companies application.

Enterprise Value (EV) - Mcap +Debt – Cash & Bank Balance

Enterprise Value (EV) for Banks - Mcap+Deposits+Borrowings – Cash & Money

Market Cap/Sales

(Market cap / Gross Sales)

Note:

1.) Balance Sheet figures are Avg. of Current and Previous Year, And P&L A/c figures are annualised and of current year only.

2.) Criteria for Adjusting Extra-Ordinary Item to Net Profit: If total extra-ordinary income or expense (texmi) is greater than 10% of profit before tax only then extra-ordinary item are adjusted (added or deducted) in net profit.

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FINANCE - FINANCIAL OVERVIEW

Equity Paid Up

This datafield captures the net amount of paid up equity shares of a company that have been subscribed to, paid for and allotted by the company.

Networth

For a company, total assets minus total liabilities. Net worth is an important determinant of the value of a company, considering it is composed primarily of all the money that has been invested since its inception, as well as the retained earnings for the duration of its operation. Net worth can be used to determine creditworthiness because it gives a snapshot of the company's investment history. also called owner's equity, shareholders' equity, or net assets.

in Capitaline : (Equity Paid Up + Total Reserves Excluding Revaluation Reserves)

Capital Employed

The total amount of capital used for the acquisition of profits or The value of all the assets employed in a business. Or Fixed assets plus working capital.

in Capitaline :(Equity Paid Up + Total Reserves Excluding Revaluation Reserves) + T. Debt. + Other Liabilities)

Net Working Capital (Incl. Def. Tax)

A measure of both a company's efficiency and its short-term financial health. The working capital ratio is calculated as:

(Current Assets - Current Liabilities)

Value Of Output

(Net Sales + Change in Stock)

Cost of Production

(Raw material cost + Power & fuel + Employee Cost + Director Remuneration + other operating expenses + Depreciation - closing stock of WIP + opening stock of WIP + Insurance)

Selling Cost

(Advertisement + Distribution Expenses+ Marketing Expenses+Commssion expenses on sales+Other Selling Expenses)

CP

(PAT + Depreciation)

CEPS (annualised) (Unit Curr)

(Rep Net Profit - Div. tax + Dep.) / Equity Paid up*Face Value

EPS (annualised) (Unit Curr)

$(\text{Rep. Net Profit} - \text{Div. tax} / \text{Equity Paid up}) * \text{Face Value}$

Dividend (annualised%)

$(\text{Equity Div. amt} / \text{Equity Pd up}) * 100$

Payout (%)

$(\text{Equity Div. Amt.} / (\text{Adj. Profit after Tax} - \text{Div. Tax})) * 100$

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Key Ratios :**Debt-Equity Ratio**

A measure of a company's financial leverage calculated by dividing its total liabilities by stockholders' equity. It indicates what proportion of equity and debt the company is using to finance its assets.

$(\text{Total debt} / (\text{share capital} + \text{reserves}))$

Long Term Debt-Equity Ratio

A measure of a company's financial leverage calculated by dividing its total long term liabilities by stockholders' equity. It indicates what proportion of equity and debt the company is using to finance its assets.

$(\text{total debt} - \text{cash credit} - \text{commercial paper} - \text{bridge loans} - \text{short term loans to group companies} - \text{short term loans to others} - \text{inter corporate deposits} - \text{working capital loans}) / (\text{share capital} + \text{reserves})$

Current Ratio

A liquidity ratio that measures a company's ability to pay short-term obligations.

$(\text{total Inventory} + \text{sundry debtors} + \text{cash and bank balance} + \text{loans and advances} / (\text{total current liabilities} + \text{cash credit} + \text{commercial paper} + \text{bridge loans} + \text{short term loans to group companies} + \text{short term loans to others} + \text{inter corporate deposits} + \text{working capital loans}))$

Turnover Ratios :**Fixed Assets Ratio**

Asset turnover measures a firm's efficiency at using its assets in generating sales or revenue - the higher the number the better. It also indicates pricing strategy: companies with low profit margins tend to have high asset turnover, while those with high profit margins have low asset turnover.

$(\text{Sales} / (\text{gross fixed assets excluding capital work in progress} - \text{revaluation reserve}))$

Inventory Ratio

A ratio showing how many times a company's inventory is sold and replaced over a period :

$(\text{Sales} / \text{total inventory})$

Debtors Ratio

Debtors turnover ratio or accounts receivable turnover ratio indicates the velocity of debt collection of a firm. In simple words it indicates the number of times average debtors (receivable) are turned over during a year.

$(\text{Sales} / \text{sundry debtors})$

Interest Cover Ratio

A ratio used to determine how easily a company can pay interest on outstanding debt. The interest coverage ratio is calculated by dividing a company's earnings before interest and taxes (EBIT) of one period by the company's interest expenses of the same period:
$$(\text{adjusted net profit} + \text{tax} + \text{interest}) / \text{interest}$$

ROCE (%)

A fundamental financial performance measure. A percentage figure representing profit before interest against the money that is invested in the business. (profit before interest and tax, divided by capital employed, x 100 to produce percentage figure.)
$$(\text{adjusted net profit} + \text{tax} + \text{interest}) / (\text{share capital} + \text{reserve} + \text{total debt} - \text{miscellaneous exp. Not written off}) * 100$$

RONW (%)

$$\text{Adjusted net profit} - \text{preference dividend} / (\text{equity paid up} + \text{reserves}) * 100$$

Debtors Velocity (Days)

$$\text{Debtors} / (\text{Gross Sales} / 365 \text{ days})$$

Creditors Velocity (Days)

$$(\text{Creditors} / (\text{Cost of Production} + \text{Selling Cos} + \text{closing stock of Finished Goods} - \text{opening stock of Finished Goods}) * 365 \text{ days})$$

Assets Utilisation Ratio (times) :

Value of Output/Total Assets

$$(\text{Value of Output} / \text{Average Total Assets}) \text{ where Value of Output is : } (\text{Net Sales} + \text{Change in Stock})$$

Value of Output/Gross Block

$$(\text{Value of Output} / \text{Average Gross Block}) \text{ where Value of Output is : } (\text{Net Sales} + \text{Change in Stock})$$

Free Cash Flows to Equity

$$(\text{Net Cash from Operating Activities} - \text{Capital Expenditure} + \text{Net Debt Issued})$$

Free Cash Flows to the Firm

$$(\text{Net Cash from Operating Activities} + \text{Interest Expenses} * (1 - \text{Tax Rate}) - \text{Capital Expenditure})$$

Price to Free Cash Flows to Equity

$$(\text{Year End Close Price} / (\text{Net Cash from Operating Activities} - \text{Capital Expenditure} + \text{Net Debt Issued}))$$

Price to Free Cash Flows to the Firm

$$(\text{Year End Close Price} / (\text{Net Cash from Operating Activities} + \text{Interest Expenses} * (1 - \text{Tax Rate}) - \text{Capital Expenditure}))$$

Note :

1.) Balance Sheet figures are Avg. of Current and Previous Year, And P&L A/c figures are annualised and of current year only.

2.) Criteria for Adjusting Extra-Ordinary Item to Net Profit: If total extra-ordinary income or expense (texmi) is greater than 10% of profit before tax only then extra-ordinary item are adjusted (added or deducted) in net profit.

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FINANCE - PROFIT AND LOSS

Income :

Sales Turnover

Sales turnover / Operating Income

Total income from operations. Turnover will also include job work, processing charges, income from other divisions, services provided.

Job Work & Service Income

This refers to income generated by a company when it undertakes contractual manufacturing or processing of a product as per client's specifications.

Pool Account Adjustment

Pool Account Adjustment is a mechanism whereby oil companies are compensated for selling regulated petroleum products at government-administered prices. Under the Administered Price Mechanism (APM), prices of all major petroleum products are fixed by the Oil Coordination Committee. Companies are required to sell these products at government-administered prices. The shortfall between the estimated cost of production and the administered price is the subsidy provided by the government through the Oil Coordination Committee.

Other Operating Divisions / Income

Income from other operational divisions of the company.

Discount Received

Discount received by the company from diff. sources.

Sales - Manufacturing

Income generated by companies from the sale of goods manufactured by them, their by-products, scrap, raw material and stores are included in industrial sales.

Sales - Trading

Trading income refers to income generated from the activity of buying and selling of goods. Trading income, here, does not refer to income from trading in shares or other financial instruments. It is limited to trading in goods.

Sales - Export

That part of income earned by way of exports out of the total sales made (irrespective of manufactured or traded goods).

Internal Consumption

Includes inter-divisional transfers.

Property Development

The part of income, generally applicable to construction companies.

Own Film Production

Applicable only to companies producing and distributing films.

Film Distribution

Applicable only to companies producing and distributing films.

Co-Produced Films

Applicable only to companies producing and distributing films.

Sale/Export of Film Software

Companies producing and distributing films. Income earned from export of films / software produced/co-produced/distributed by the company

Sale of Film

Companies producing and distributing films. Income earned from sale of films / software produced/co-produced/distributed by the company.

Foreign Exchange Earned

Income earned in foreign exchange , generally by Travel Agencies.

Excise Duty

Excise duty is usually levied on all goods produced by a company. It is often levied even on goods that are produced for internal consumption by the company. If companies report excise duty on goods sold and those in stock separately, we add the two and report the total excise duty paid by the company.

Net Sales

Net of Excise duty

Other Income

Other Income usually means income from sources other than the main sources of income.

Export Incentives

Export incentives are usually in the form of duty drawbacks, excise rebates, import licences, concession in import duty and tax exemptions under the Income Tax.

Import Entitlements

Import entitlements are aids, granted by the Central Government under an Export Promotion Scheme.

Dividend Income

Includes dividend received from subsidiaries, income from units of UTI / mutual funds.

Interest Income

The term for reporting the interest earned on cash temporarily held in savings accounts, certificates of deposits, or other investments. Because the interest wasn't part of the original investment, companies record it separately, as interest income.

Interest on Application Money

Interest earned due to money received on issue of shares / debentures / bonds etc. and deposited in banks.

Income from Bill Discounting

Banks and NBFCs purchase bills of exchange, promissory notes etc. from parties and make equivalent payments after deducting some amount from the face value of the bill as discounting charges. The discounting charges so deducted are referred to as bill discounting income of the banks and NBFCs. Bill discounting income may be from discounting of the original bills or from the bills already discounted.

Stock Adjustments

Increase or decrease in stock of the company.

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Total Income

Total income is the sum of all kinds of incomes generated by an enterprise during an accounting period.

Usually, company accounts present a break-up of the total income in terms of sales and "other income" often, they provide detailed information on the various sources of income.

Total income consists of :

1. Sales
2. Income from financial services
3. Other income
4. Prior period and extraordinary income
5. Change in stock of finished and semi-finished goods.

Expenditure :

Raw Materials

Includes raw material consumed and finished goods purchased.

Raw Materials consist of :

Opening Stock of Raw Materials
Purchases of Raw Material
Purchase of Trading Goods
Direct Expense on Purchase/Adjustment
Closing Stock of Raw Materials
Adjustment on amalgamation / trial runs

Power & Fuel Cost

Power & Fuel Cost consist of :

Power, Oil & Fuel
Electricity Expenses
Water Charges

Employee Cost

Employee Cost consist of :

Salaries, Wages & Bonus
Contribution to funds
Staff Welfare Expenses
VRS compensation
Gratuity Paid
Other Employee Cost

Other Manufacturing Expenses

Other Manufacturing Expenses consist of :

Freight Inwards & Transport charges
Packing Materials
Job Work / Contract / Processing Charges
Drilling Operation Charges
Stores Consumed
Repairs
Repairs - Plant & machinery
Repairs - Building
Repairs - Others
Technical fees paid
Wheeling charges payable
Project / Production Charges
Own Film Production Expense
Handling, Clearing Charges

Coupon Sales, Food, Beverages
License Fee / Operation Charges
Other Operating Expenses

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Selling and Administration Expenses

The total amount spent on selling and distribution. It includes expenditure on advertising, marketing and distribution by the company. Individually, these are disparate activities and thus very different expenditure items and are thus reported separately. However, some relatively smaller companies do club all these or some

Discount paid

A discount is an amount or percentage of reduction in selling price of a product.

Distribution Expenses

This is the expenditure the company incurs to distribute its products to consumers or intermediaries such as distributors, wholesalers or retailers.

Other Selling Expenses

Includes warranty claims, guarantee charges etc

Legal Expenses

Includes professional charges

Communication Expenses

Communication expenses includes cost incurred by the company on telephone, telegram, postage, fax satellite and internet services.

Travel Expenses

expenses incurred by the company on travel. This includes domestic as well as foreign travel, by the directors, management or staff.

R & D Expenses

This data-item captures the current expenses incurred and reported by the company on research and development. It does not include any capital expenditure on research and development.

Miscellaneous Expenses

This data field will include all the expenses reported by the companies under the head "miscellaneous expenses" or "other expenses".

Donations

Donations made by companies are reported in this datafield. These are not directly related to the day-to-day operations and are usually incurred for social causes.

Bad Debts written off

Includes doubtful loans/ advances written off etc.

Expenses Ammortised

Any expenditure incurred written off : eg preliminary expenses, VRS expense, share issue expenses etc.

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Interest

Interest paid on all kinds of borrowings is included in this data-field. It includes all short-term as well as all long-term borrowings of the company. It includes interest paid on borrowings, debentures and deposits and interest paid to directors. In the case of banks, it also includes interest paid on inter-bank borrowings. Often, companies report net interest payments. These are interest payments net of interest earnings. However, we report gross interest payments and make a separate entry for interest earnings on the income side.

Examples :

Debenture Interest

Fixed Interest

Interest on Deposits

Interest on External Commercial Borrowings

Other Interest

Financial Charges

Includes bank charges, bank commission/brokerage given under administrative expenses.

Depreciation

As fixed assets, typically plant and machinery, get old, their value reduces because of wear and tear. This reduction in value needs to be reflected in the profit and loss account. Depreciation is the measure of this wear and tear of assets and it is charged as an expense in the profit and loss account.

Consist of :

Depreciation for the current year

Less : On Revalued Assets

Lease Adjustment

Other Adjustment

Extraordinary Items

Total / net prior year adjustments made by the company after arriving at net profit.

Profit/(Loss) on Sale of Assets

Profit/(Loss) on Sale of Investment.

Income/(Expenses) of prior years

Gain / (loss) on foreign exchange transactions

Depreciation written back/(Not provided)

(Depreciation on Revaluation of Assets)

VRS Adjustment

Miscellaneous Income/Expense

Less : Tax on Extra Ordinary Income/Expense

Less : Deferred Tax on Extra Ordinary Income/Exp.

Note : Tax are calculated for extraordinary items (tax rate : tax/pbt)

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Adjusted Net Profit

Adjusted for Extraordinary Items (calculated for information purpose)

P & L Balance brought forward

Previous year profit brought forward by the company.

Appropriations

The act of setting aside money for a specific purpose. A company appropriates funds in order to delegate cash for the necessities of its business operations. This may occur for any of the

functions of a business, including setting aside funds for employee salaries, research and development, dividends and all other uses of cash.

Example :

Appropriation to Capital Redemption Reserve
Appropriation to Debenture Redemption Reserve
Appropriation to General Reserve
Appropriation to Investment Allowance Reserve
Appropriation to Other Reserves
Prior Year Dividend Paid
Provision for Equity Dividend
Provision for Preference Dividend
Dividend Tax

Interim Dividend Paid

A dividend payment made before a company's AGM and final financial statements. This declared dividend usually accompanies the company's interim financial statements.

Dividend

A distribution of a portion of a company's earnings, decided by the board of directors, to a class of its shareholders.

Preference Dividend

A dividend that is accrued and paid on a company's preferred shares. In the event that a company is unable to pay all dividends, claims to preferred dividends take precedence over claims to dividends that are paid on common shares.

Earnings Per Share-Unit Curr

Earnings Per Share of the company to be calculated as follows :
$$(\text{Net Profit} - \text{Preference Dividend}) / \text{Equity Paid Up} * \text{Face value of equity}$$

Earnings Per Share(Adj)-Unit Curr

Earnings Per Share adjusted for change in number of shares due to split or bonus issues.

Book Value-Unit Curr

Book Value of the company to be calculated as follows :
$$(\text{Equity Paid up} + \text{Reserves (excluding revaluation reserves)}) / \text{Equity Paid up} * \text{Face Value of equity share}$$

Book Value(Adj)-Unit Curr

Book Value adjusted for change in number of shares due to split or bonus issues.

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FINANCE - BALANCE SHEET

Sources of Funds :

Share Capital

Funds raised by issuing shares in return for cash or other considerations. The amount of share capital a company has can change over time because each time a business sells new shares to the public in exchange for cash, the amount of share capital will increase. Share capital can be composed of both common and preferred shares.

Equity Authorised

Authorised equity shares is the maximum number of equity shares a company can issue. The maximum limit includes shares to be issued against GDRs/ADRs, shares that would arise on conversion of convertible debt instruments, etc Equity shares carry carry voting rights and carry the right to share the profits in the company.

Preference Capital Authorised

Authorised preference shares is the maximum number of preference shares a company can issue. Preferential shares carry a preferential right with respect to dividends and a preferential right to capital. They do not carry voting rights. Authorised preference shares is the maximum number of preference shares a company is authorised to issue.

Unclassified Authorised

Companies have two types of shares viz. equity shares and preference shares. At times companies do not classify shares at the time of incorporation or at the time of increase in the capital. Such shares which have not been classified are known as Unclassified shares. The maximum number of such unclassified shares that the company can issue are captured in this datafield

Equity Issued

This datafield captures the number of equity shares issued by the company.

Equity Subscribed

When a company decides to issue equity shares, investors apply to the company to subscribe to these. The company then allots these shares to the investors. The shares that are allotted to the applicants are known as subscribed equity shares.

Equity Called Up

Called up Share Capital is the total amount of issued capital for which the shareholders are required to pay.

Equity Paid Up

This datafield captures the net amount of paid up equity shares of a company that have been subscribed to, paid for and allotted by the company.

Preference Capital Paid Up

Convertible Preference Share Paid Up

Non-convertible Preference Share Paid UP

Unclassified Shares Paid Up

Unclassified shares are those shares that are kept in abeyance/unsubscribed and may be converted into Equity or Preference shares as the directors deem fit before they are issued. Form 5 mentions conversion of Shares into stock and reversal of stock into shares but there is no mention of reclassification of unclassified shares into Equity or Preference shares.

Capital Reserves

A type of account on company's balance sheet that is reserved for long-term capital investment projects or any other large and anticipated expense(s) that will be incurred in the future. This type of reserve fund is set aside to ensure that the company has adequate funding to at least partially finance the project.

General Reserves

It is a reserve created by transferring certain amount of undistributed profit for funding expansion, acquisition, paying dividends, discharging of liabilities, writing off extraordinary and/or contingent losses, buyback and/or redemption of securities.

Share Premium

Usually found on the balance sheet, this is the account to which the amount of money paid (or promised to be paid) by a shareholder for a share is credited to, only if the shareholder paid more than the cost of the share.

Debenture Redemption Reserve

A provision that was added to the Indian Companies Act of 1956 during an amendment in the year 2000. The provision states that any Indian company that issues debentures must create a debenture redemption service to protect investors against the possibility of default by the company.

Capital Redemption Reserve

Capital Redemption Reserve is an reserve created when a company buys its own shares which reduces its share capital. This reserve is not distributable to shareholders and can be used to pay bonus shares issued.

Debt Redemption Reserve

A provision that was added to the Indian Companies Act of 1956 during an amendment in the year 2000. The provision states that any Indian company that issues debentures must create a debenture redemption service to protect investors against the possibility of default by the company.

Amalgamation Reserve

Amalgamation reserve means the expenses bear by Transferee company for amalgamation with Transferor company is treated as reserve, this reserve is called as amalgamation reserve.

Taxation Reserve

Exchange Fluctuation Reserve

Foreign Exchange Earnings Reserve

Exchange Profit / Allowance Reserve

Deferred Credit Reserve

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Contingency Reserve

Contingency reserves are sums set aside to cover anticipated future liabilities or reductions in asset values.

Types of Contingency Reserves : Contingencies include potentially uncollectible monies owed the company, potential obligations under product warranties or related to product defects, judgments from pending or threatened litigation and likely losses due to fires and other hazards

Total Revaluation reserve

Revaluation Reserves = Fixed Asset Revaluation Reserve + Investment Revaluation Reserve + Other Revaluation Reserve.

Total Shareholders Funds

A measure of the shareholders' total interest in the company represented by the total share capital plus reserves.

Secured Loans

A secured loan is a loan in which the borrower pledges some asset as collateral for the loan, which then becomes a secured debt owed to the creditor who gives the loan. The debt is thus secured against the collateral — in the event that the borrower defaults, the creditor takes possession of the asset used as collateral and may sell it to regain some or all of the amount originally lent to the borrower,

Convertible Debentures

A type of loan issued by a company that can be converted into stock by the holder and, under certain circumstances, the issuer of the bond. By adding the convertibility option the issuer pays a lower interest rate on the loan compared to if there was no option to convert. These instruments are used by companies to obtain the capital they need to grow or maintain the business.

Debentures / Bonds is a certificate of debt which usually : represents a part of loan; bears interest; matures on a stated future date. It may be with or without a charge on the assets of the company. Debentures do not have voting rights.

Non Convertible Debentures

A debenture is basically an unsecured loan to a corporation. Often there is a provision to exchange this debt for corporate stock. Non-convertible debentures do not have this provision.

Partly Convertible Debentures

A type of convertible debenture, part of which will be redeemed by the issuing company after a specified period of time and part of which is convertible into equity or preference shares at the end of the specified period. The ratio of conversion for the partially convertible debenture is decided by the issuer when the debenture is issued.

Less : Debentures Calls in arrears

Calls outstanding to be paid by the shareholders.

Term Loans

A loan from a bank for a specific amount that has a specified repayment schedule and a floating interest rate. Term loans almost always mature between one and 10 years.

Deferred Credit / Hire Purchase

Prepayment received from customers or tenants, and carried forward as a liability until the associated goods, services, or benefits are delivered. Also called deferred liability or deferred revenue.

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Hire Purchase

hire purchase (HP) A method of buying goods in which the purchaser takes possession of them as soon as an initial instalment of the price (a deposit) has been paid and obtains ownership of

the goods when all the agreed number of subsequent instalments have been paid. A hire-purchase agreement differs from a credit-sale agreement and sale by instalments (or a deferred payment agreement) because in these transactions ownership passes when the contract is signed. It also differs from a contract of hire, because in this case ownership never passes.

Bridge Loans

A short-term loan that is used until a person or company secures permanent financing or removes an existing obligation. This type of financing allows the user to meet current obligations by providing immediate cash flow. The loans are short-term (up to one year) with relatively high interest rates and are backed by some form of collateral such as real estate or inventory.

Cash Credit / Packing Credit / Bills Discounted

A short term cash loan to company.

Unsecured Loans

Unsecured Loans refers to any type of loans or general obligation that is not collateralised by a lien on specific assets of the borrower in the case of a bankruptcy or liquidation. In the event of the bankruptcy of the borrower, the unsecured creditors will have a general claim on the assets of the borrower after the specific pledged assets have been assigned to the secured creditors, although the unsecured creditors will usually realize a smaller proportion of their claims than the secured creditors.

Accrued Interest

A term used to describe an accrual accounting method when interest that is either payable or receivable has been recognized, but not yet paid or received. Accrued interest occurs as a result of the difference in timing of cash flows and the measurement of these cash flows.

Deferred Liabilities

Money that a company receives from a customer as prepayment for some good or service. A deferred liability is listed on a balance sheet as a liability until the good or service is delivered. This is because the company would have to return the money if it does not keep its end of the bargain as promised. A deferred liability is also called a deferred credit or deferred revenue.

Commercial Paper

An unsecured, short-term debt instrument issued by a corporation, typically for the financing of accounts receivable, inventories and meeting short-term liabilities. Maturities on commercial paper rarely range any longer than 270 days. The debt is usually issued at a discount, reflecting prevailing market interest rates.

Application of Funds :

Gross Block

The total value of all of the assets that a company owns. Value is determined by the amount it cost to acquire these assets, and it is not decreased to take into account the effects of depreciation.

Example :

Goodwill - Includes patents, trademark, and other intangible assets.

Patent

Technical Know-how

Leasehold Land

Freehold Land

Railway Sidings

Buildings

Ponds & Reservoirs
Water supply / tubewells
Plant and Machinery
Ships / Vessels
Electrical Installations / Fittings
Factory Equipments
Furniture and Fixtures
Office Equipments
Computers
Lab and R & D Equipment
Medical Equipment and Surgical Instrument
Vehicles
Transmission and Distribution Equipment
Wind Turbines
Aircraft and Helicopters
Other Fixed Assets

Less : Accumulated Depreciation

The Accumulated depreciation of an asset up to a single point in its life. Regardless of the method used to calculate it, the depreciation of an asset during a single period is added to the previous period's accumulated depreciation to get the current accumulated depreciation.

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Less: Impairment of Assets

An asset is said to be impaired if its carrying cost is greater than its recoverable value. Carrying cost is the net cost of an asset as reflected in the balance sheet (ie gross fixed asset value less cumulative depreciation) and recoverable value of an asset is usually the higher of either the net selling price or its value derived from estimates of discounted future cash flows from the asset. Companies are required to follow ICAI's AS-28 on impairment of assets.

Net Block

Net block is the gross block less accumulated depreciation on assets. Net block is actually what the asset are worth to the company.

Goodwill

Includes patents, trademark, and other intangible assets.

PATENT

A patent is a set of exclusive rights granted by a state (national government) to an inventor or their assignee for a limited period of time in exchange for a public disclosure of an invention.

Technical Know-how

technical know-how is an intellectual property right which is nothing but the technical knowledge for carrying out any process and such knowledge is available with some specific people who have the know-how patented.

Leasehold Land

Leasehold is a form of property tenure where one party buys the right to occupy land or a building for a given length of time.

Capital Work in Progress

Work that has not been completed but has already incurred a capital investment from the company.

Capital Advances

Advances given by company for capital expenditure.

Pre-operative Expenditure

Revenue expenses other than salaries and interest incurred before commercial production is called other pre-operative expenses. This datafield captures such pre-operative expenses incurred by the company and not charged to the profit and loss account.

Other Capital Work in Progress

Other capital work in progress like building under construction, plant under installation etc.

Producing Properties

Applicable to oil & oil product producing companies.

Inventories

The raw materials, work-in-process goods and completely finished goods that are considered to be the portion of a business's assets that are ready or will be ready for sale. Inventory represents one of the most important assets that most businesses possess, because the turnover of inventory represents one of the primary sources of revenue generation and subsequent earnings for the company's shareholders/owners.

Sundry Debtors

Sundry Debtors is an entity from who amounts are due for goods sold or services rendered or in respect of contractual obligations. Also termed: debtor, trade debtor, and account receivable.

Cash and Bank

Balance with Bank

Term Deposit with Banks

Cash in hand / others

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Loans and Advances

Bills Receivable

Loans to Subsidiary

Loans to Group / Associate Companies

Loans to Others

Deposits with Government

Intercompany Deposits

Deposits Others

Advance Tax

Pre-paid expenses

Advances to suppliers

Advances for capital goods

Advances recoverable in cash or kind

Less : Provision for Doubtful Advances

Interest Accrued on Investments

Application money pending allotment

Sundry Creditors

Miscellaneous small or infrequent suppliers that are not assigned individual ledger accounts but are classified as a group.

Examples :

Creditors for Goods

Creditors for Capital Goods

Creditors for Finance

Creditors for Others

Acceptances

A formal indication by a debtor of willingness to pay a time draft or bill of exchange.

Application Money

Application Money The amount an investor is asked to pay with the application for new issues, usually less than the full value of the shares, the remainder being either fully or partly collected on actual allotment.

Warrants Application Money

Company issued warrants (convertible in equity shares) Money The amount an investor is asked to pay with the application for new issues, usually less than the full value of the shares, the remainder being either fully or partly collected on actual allotment.

Unclaimed Dividend

it refers to dividend payable to shareholders but have remained unpaid for a period of not less than 12 months

Interest Accrued But Not Due

A term used to describe an accrual accounting method when interest that is either payable or receivable has been recognized, but not yet paid or received. Accrued interest occurs as a result of the difference in timing of cash flows and the measurement of these cash flows.

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Provisions

A provision takes into account an expected expense, showing it as a liability on the balance sheet. A company will create a provision in the current period when the likely liability becomes apparent, thus reducing the reported profit.

Examples :

Provision for Tax

Provision for Fringe Benefit Tax

Provision for Corporate Dividend Tax

Provision for Gratuity

Provision for Dividend

Proposed Equity Dividend

Provision for Contingencies

Provision for depreciation in investment

Other Provisions

Miscellaneous Expenses not written off

A company spends money on various things. If money spent is sizeable and can be given a name as per materiality concept, it can be shown separately. But if money spent on petty stuffs, they can be grouped and shown under Miscellaneous Expense. If the benefit of these expenses is receivable over a period of time, this amount can be written off in parts. The amount which is yet to be written off can be shown as "Misc Expenses not written off".

Examples :

Discount on issue of shares

Discount on issue of Debentures

Preliminary Expenses

Deferred revenue expenses

Pre-operative/Trial run Expenses

Promoter's Expenses

Debenture/Share Issue expenses

Royalty/License fees/ Technical Knowhow

Financial charges / Expenses not written off

Other Miscellaneous expenditure not written off
Less: Misc.Expenditure written off during the year

Deferred Tax Assets

An asset on a company's balance sheet that may be used to reduce any subsequent period's income tax expense. Deferred tax assets can arise due to net loss carryovers, which are only recorded as assets if it is deemed more likely than not that the asset will be used in future fiscal periods.

Deferred Tax Liability

An account on a company's balance sheet that is a result of temporary differences between the company's accounting and tax carrying values, the anticipated and enacted income tax rate, and estimated taxes payable for the current year. This liability may or may not be realized during any given year, which makes the deferred status appropriate.

Contingent Liabilities

The possibility of an obligation to pay certain sums dependent on future events. Defined obligations by a company that must be met, but the probability of payment is minimal.

Types of Contingency Reserves : Contingencies include potentially uncollectible monies owed the company, potential obligations under product warranties or related to product defects, judgments from pending or threatened litigation and likely losses due to fires and other hazards
Examples :

1. Claims not acknowledged as debt
2. Guarantees undertaken
3. Letter of Credit
4. Bills Discounted
5. Disputed Sales Tax
6. Disputed Income Tax
7. Disputed Excise Duty
8. Other Disputed Claims
9. Uncalled Liability on Shares
10. Others

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FINANCE - INVESTMENTS

Investments

Companies often make investment in shares debentures, bonds, mutual funds, etc. The sum of all such investments outstanding at the end of the balance sheet date is captured in this datafield. There is one exception. Investments made by investment companies that are engaged entirely, or essentially, in the business of purchase and sale of securities for making profits from these are not included in this datafield. Investments of such companies is treated as stock in trade and not investments. Investments by all other companies is included in this datafield.

Equity-Quoted

This datafield captures the investments made by a company in the equity shares of other companies. It includes such investments in group and non-group companies. These shares will be listed on the stock exchange.

Equity-Unquoted

This datafield captures the investments made by a company in the equity shares of other companies. It includes such investments in group and non-group companies. These shares will not be listed or traded on the stock exchanges.

Debenture-Quoted

Investments made by companies in debt instruments e.i. debenture /bonds is reported in this datafield. These instruments will be listed on the stock exchange.

Debenture-Unquoted

Investments made by companies in debt instruments e.i. debenture /bonds is reported in this datafield. These instruments will not be listed on the stock exchange.

G. Sec.-Quoted

Investments made by companies in debt instruments issued by the govt. Includes treasury bills, NSC, Indira Vikas Patra and other government securities is reported in this datafield. These instruments will be listed on the stock exchange.

G. Sec.-Unquoted

Investments made by companies in debt instruments issued by the govt. Includes treasury bills, NSC, Indira Vikas Patra and other government securities is reported in this datafield. These instruments will not be listed on the stock exchange.

Units-Quoted

Investments made by a company in mutual funds is reported in this datafield. These mutual funds schemes will be listed on the stock exchange.

Units-Unquoted

Investments made by a company in mutual funds is reported in this datafield. These mutual funds schemes will not be listed on the stock exchange.

Pref.-shares

This datafield captures the investments made by a company in the preference shares of other companies. It includes such investments made in group and non-group companies. Includes quoted, unquoted and partly paid up preference shares.

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SHARE PRICE - LATEST EQUITY

Latest Equity(Subscribed)

Latest Equity capital (subscribed) with adjustments if any (between two financial year ends)

Latest Reserve

Latest Reserves with adjustments if any (between two financial year ends)

Latest EPS -Unit Curr.

Earnings per share : $(\text{TTM Adjusted Net Profit} / \text{Latest Equity}) * \text{Latest Face Value}$

Latest Bookvalue -Unit Curr.

Book value is the accounting value of a firm.

$(\text{Latest Equity Capital} + \text{Latest Reserves}) / \text{Latest Equity Capital} * \text{Latest Face Value}$

Stock Exchange

Name of stock exchange where company is listed exm. BSE,NSE or regional stock exchanges.

Latest Market Price--Unit Curr.

Latest Quoted price of stock.

Latest P/E Ratio

$(\text{Current Market Price} / \text{Latest EPS (as calculated above)})$

Latest P/BV

$(\text{Current Market Price} / \text{Latest Book Value (as calculated above)})$

Market Capitalisation

Latest Market capitalisation of a stock (current market price*total number of outstanding shares).

Dividend Yield -%

A financial ratio that shows how much a company pays out in dividends each year relative to its share price. In the absence of any capital gains, the dividend yield is the return on investment for a stock. Dividend yield is calculated as follows:

$(\text{Latest Year end Dividend Amount} / \text{Latest Market Cap.})$

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