

$$\text{Net Income} = 100\% + \frac{2}{f}$$



Aggravate ment

$$10\% + 22\% + \frac{2}{f}$$

Fundamental Analysis @ Key Ratios

Earning Per Share - EPS

$$\text{Earning Per Share} = \frac{\text{Net Profit After Preferential Dividend}}{\text{Number Of Equity Shares}}$$

- It measures the profit available to the equity share holders on a per share basis.
- This is the amount that can get on every share held.

Price Earning Ratio – P/ E Ratio

$$\text{Price Earning Ratio} = \frac{\text{Market Value Per Equity Share}}{\text{Earning Per Share}}$$

- The ratio establish relationship between the market price of the shares of company and its earning per share (EPS)
- Eg : Market Value Of Share is Rs.50/- and EPS is Rs.5.5 per share then the PER comes to Rs. $50/5.5 = 9.09$ or 9 times.
- This helps in predicting the future market value of the shares within reasonable limits.
- It also helps in ascertaining the extent of under and over valuation in market valuation , thus pointing to effect of factors generated by companies financial positions.

Cash Earning per Share

$$\text{Cash EPS} = \frac{\text{Net Profit – Preference Dividend + Depreciation}}{\text{Number of Equity Share}}$$

- This ratio indicates the cash generating ability of the firm.