

4.1.1 Part D-4 – Financial Position and Ratio Analysis for the company as a whole.

This statement is required to be furnished for the company as a whole. The sources of figures for calculation of the respective ratios are audited Balance Sheet and Profit & Loss Account.

The figures for the year under audit and figures for the immediately preceding financial year are required to be provided.

The different elements in this statement are in line with the definitions in Schedule III of the Companies Act, 2013. The element-wise explanation and the corresponding element under Revised Schedule VI are given below:

A. Financial Position

1. **Share Capital** – This would include subscribed and paid-up shares of any type including amount paid up on forfeited shares, if any.
2. **Reserves and Surplus** – represents all reserves and surplus. These can be Capital reserves, Capital redemption reserves, Securities premium account, Debenture redemption reserve, Revaluation reserve, Revaluation reserve fixed assets, Revaluation reserve investments, Share options outstanding account, Capital reserve consolidation, Employee stock options outstanding, Deferred employee compensation, Other reserves, Subsidy incentive reserve, Restructuring reserve, Amalgamation reserve, Bond redemption reserve, Sinking fund reserve, Contingency reserve, Special reserve, Hedging reserve, General reserve, Other reserves, Other funds, Foreign currency translation reserve
3. **Long-term Borrowings** – Long-Term Borrowings reflected under Non-Current Liabilities of the Balance Sheet. Other items shown under Non-Current Liabilities such as, Net Deferred Tax Liabilities, Other Long-Term Liabilities and Provisions and Short Term Borrowings reflected under Current Liabilities would not be part of Loans for consideration under this para.
4. **Gross Fixed Assets** – Fixed Assets consist of Tangible Assets, Intangible Assets, Capital Work-in-Progress, Intangible Assets under Development and Fixed Assets held for sale. Gross assets for this purpose will include Tangible and Intangible Assets at gross book value including Intangible Assets under Development at the end of the year but exclude Capital Work-in-Progress.
5. **Net Fixed Assets** – would reflect the net book value of Tangible and Intangible Assets including Intangible Assets under Development at the end of the year. Capital work-in-progress at the end of the year would not be a part of Net Assets reflected here.
6. **Current Assets** – Current Assets would consist of Current Investments, Inventories, Trade Receivables, Cash and Cash equivalents, Short-Term Loans and

Advances and Other Current Assets. In the context of this statement, the Current Assets reflected in the Balance Sheet have to be considered including current investments.

7. **Current Liabilities** – Current Liabilities would consist of Short-term Borrowings, Trade Payables, Other Current Liabilities and Short-term Provisions. In the context of this statement, the Current Liabilities reflected in the Balance Sheet have to be considered including Short-Term Borrowings.
8. **Net Current Assets** – Difference between Current Assets and Current Liabilities as indicated above.
9. **Capital Employed** – Capital employed has been defined in the Rules as average of net fixed assets (excluding effect of revaluation of fixed assets) plus Non-current investments and net current assets existing at the beginning and close of the financial year. This has to be computed as below:

Capital Employed =
Average of Opening and Closing balance of Net Fixed Assets
Add, Average of Opening and Closing Balance of Non-current Investments
Add, Average of Opening and Closing Balance of Net Current Assets

10. **Net Worth** – Net Worth is defined under clause (57) of section 2 of the Companies Act, 2013. “Net worth” means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation

Net Worth =
Share Capital
Add, Reserves and Surplus
Less, Revaluation Reserve, if any
Less, Accumulated Losses, if any

B. Financial Performance

- a) As stated earlier, the computation of the different elements in this statement is for the Company as a whole.
- b) All the computations are based on figures available directly from the Balance Sheet.

1. **Value Added** – As computed in Value Addition and Distribution of Earnings statement in Part D-3.
2. **Net Revenue from Operations of Company** – Same as furnished in Value Addition and Distribution of Earnings statement in Part D-3 as “Net Revenue from Operations of Company”. It is also same as “Total Net Revenue from Operations of Company” in Part A-4.
3. **Profit before Tax (PBT)** – Profit before Tax after adjustment for Exceptional Items as available from Profit & Loss Account. This amount should be same as Profit or Loss as per Financial Accounts shown in Part D-2.

C. Profitability Ratios

1. **PBT to Capital Employed** – Profit before Tax expressed as a percentage of Capital Employed.
2. **PBT to Net Worth** – Profit before Tax expressed as a percentage of Net Worth.
3. **PBT to Value Added** – Profit before Tax expressed as a percentage of Value Added.
4. **PBT to Net Revenue from Operations** – Profit before Tax expressed as a percentage of Net Revenue from Operations.

D. Other Financial Ratios

1. **Debt-Equity Ratio** – Long Term Borrowings as a ratio of Shareholders’ Funds, i.e., Share Capital plus free Reserves & Surplus. This is to be expressed as a number.
2. **Current Assets to Current Liabilities** – Current Assets as a ratio of Current Liabilities. This is to be expressed as a number.
3. **Valued Added to Net Revenue from Operations** – Valued Added expressed as a percentage of Net Revenue from Operations.

E. Working Capital Ratios

1. Raw Materials Stock to Consumption

Monthly Consumption of Raw Materials =	$\frac{\text{Total Raw Material Consumption}}{12}$
Number of Months =	$\frac{\text{Raw Material Stock for the period}}{\text{Monthly Consumption of Raw Materials}}$

2. Stores & Spares to Consumption

Monthly Stores & Spares Consumption =	$\frac{\text{Total Stores \& Spares Consumption}}{12}$
Number of Months =	$\frac{\text{Stores \& Spares Stock for the period}}{\text{Monthly Stores \& Spares Consumption}}$

3. Finished Goods Stock to Sales *(In the published Rules this is shown as a ratio of Finished Goods Stock to Cost of Sales. The MCA has clarified that this would be a ratio on Sales)*

Monthly Sales =	$\frac{\text{Sales}}{12}$
Number of Months =	$\frac{\text{Finished Goods Stock}}{\text{Monthly Sales}}$