Story of akbar and birbal

Finance, Investment

Revenue: The amount ofmoneythat a company actually receives during a specific period, including discounts and deductions for returned merchandise. It is the " top line" or " gross income" figure from which costs are subtracted to determine net income. Revenue is calculated by multiplying the price at which goods or services are sold by the number of units or amount sold.

EBITDA is essentially net income with interest, taxes, depreciation, and amortization added back to it, and can be used to analyze and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions. *amortization basically means reducing the value of something to zero Debt –equity ratio: A measure of a company's financial leverage. Debt/equity ratio is equal to long-term debt divided by common shareholders' equity. Typically the data from the prior fiscal year is used in the calculation.

Investing in a company with a higher debt/equity ratio may be riskier, especially in times of rising interest rates, due to the additional interest that has to be paid out for the debt. For example, if a company has long-term debt of $3, 000 and shareholder's equity of $12, 000, then the debt/equity ratio would be 3000 divided by 12000 = 0. 25. It is important to realize that if the ratio is greater than 1, the majority of assets are financed through debt. If it is smaller than 1, assets are primarily financed through equity.

Return-on-assets: An indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. Calculated by dividing a company's annual earnings by its total assets, ROA is displayed as a percentage. Sometimes this is referred to as " return on investment". The formula for return on assets is: Note: Some investors add interest expense back into net income when performing this calculation because they'd like to use operating returns before cost of borrowing.