

# Profitability Ratio Format

For the Year Ended: [YYYY-MM-DD]

Ratio Name	Formula	Value	Remarks
Gross Profit Ratio	$(\text{Gross Profit} / \text{Net Sales}) \times 100$	[ ] %	Measure of gross margin
Operating Profit Ratio	$(\text{Operating Profit} / \text{Net Sales}) \times 100$	[ ] %	Profit from operations
Net Profit Ratio	$(\text{Net Profit After Tax} / \text{Net Sales}) \times 100$	[ ] %	Net profit earned per sales rupee
Return on Capital Employed	$(\text{EBIT} / \text{Capital Employed}) \times 100$	[ ] %	Overall measure of profitability
Return on Equity	$(\text{Net Profit After Tax} / \text{Shareholders' Equity}) \times 100$	[ ] %	Return to owners

## Important Notes:

- Profitability ratios assess a business's ability to generate earnings relative to sales, assets, equity, and other financial metrics.
- Ratios are best analyzed in comparison to historical performance and industry benchmarks.
- Consistent calculation methods are essential for meaningful comparison.
- Interpret results in the broader context of market conditions and company strategy.