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Session 2020-21  
Sample

Q-30\*



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Interest coverage Ratio =  $\frac{\text{Profit before Interest and Tax}}{\text{Interest on Long term Debts}}$

Profit after Interest and Tax = Rs. 7,50,000  
+ Tax = Rs. 2,50,000

Profit before Tax = Rs. 10,00,000  
+ Interest on debenture = Rs. 72,000

= Rs. 10,72,000

Interest coverage Ratio =  $\frac{\text{Rs. 10,72,000}}{\text{Rs. 72,000}}$

= **14.89 times**

ACCOUNTS  
APTITUDE