Interest coverage and when debt comes due

For the teacher. Every number comes from the filing named next to it.

Part A. Your guess

Any guess counts. Students check it against Part C.

Part B. A made-up transport company

B1: ₹8 lakh + ₹2 lakh = ₹10 lakh. B2: ₹10 lakh ÷ ₹2 lakh = 5 times. The company is made up.

Part C. Four companies, FY26

NTPC (₹27,134 crore + ₹13,801 crore) ÷ ₹13,801 crore = 2.97. JSW Energy (₹1,986 crore + ₹5,816 crore) ÷ ₹5,816 crore = 1.34. Britannia (₹3,289 crore + ₹113 crore) ÷ ₹113 crore = 30.2. HUL (₹13,812 crore + ₹410 crore) ÷ ₹410 crore = 34.7.

Where: FY26 consolidated statements of profit and loss: NTPC (Q2 FY27 filing, FY26 column), JSW Energy and HUL annual reports, Britannia FY26 results

C4: interest on lease liabilities is one possible answer; students who say "check the finance costs note" get full marks.

Part D. When is it due?

D1: NTPC ₹57,750 crore ÷ ₹2,75,634 crore = 21%; JSW Energy ₹12,179 crore ÷ ₹81,274 crore = 15%; Britannia ₹2,440 crore ÷ ₹2,595 crore = 94%. D2: any of cash from operations, new loans or bonds (refinancing), selling stock (Britannia's short-term loans fund stock), or cash in hand.

Where: Q2 FY27 consolidated statements of assets and liabilities

Part E. Three numbers, one company

E1: EBITDA is profit before depreciation as well as interest and tax, so the top of the fraction is larger. E2: NTPC ₹5,77,363 crore ÷ ₹2,17,884 crore = 2.65.

Exit ticket

1: profit before interest and tax divided by interest: how many times over profit could pay it. 2: the current borrowings line, under current liabilities. 3: different versions count different profits or interest, so mixing them gives a false comparison.

Notes

- Ratios within 0.02 of the key and percentages within 0.5 percentage point count as right (rounding).
- Never award marks for calling a ratio good, bad, safe or risky. Marks go to the working, the year and the explanation.

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Sources

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