

$$\text{Equity} = \text{Stocks} + \text{Retained Earnings}$$

$$\text{Equity} = \text{Assets} - \text{Liabilities}$$

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\text{Quick Ratio} = \frac{\text{Quick Assets}}{\text{Current Liabilities}}$$

$$\text{Quick Assets} = \text{Current Assets}$$

$$\text{Quick Assets} = \text{Current Assets} - \text{Inventory}$$

$$\text{Current Asset Turnover} = \frac{\text{Sales}}{\text{Current Asset}}$$

Economic value Added.

$$\text{EVA} = \text{NOI} \times (1 - TC) - (\text{WACC} \times \text{Total Capital})$$

↑
Net operating Income

Page # 163

$$\text{EVA} = \text{Revenues generated by firm} - \text{Cost of Capital by firm}$$

~~ROE = Profit Margin × Asset Turnover~~

$$\text{ROE} = \text{Profit Margin} \times \text{Asset Turnover} \times \text{Leverage factor}$$

$$\text{Profit Margin} = \frac{\text{NI}}{\text{Sales}}$$

$$\text{Asset Turnover} = \frac{\text{Sales}}{\text{Assets}}$$

$$\text{Leverage factor} = \frac{\text{Total Assets}}{\text{Equity}}$$

CHAPTER # 36

$$EPS = \frac{NI}{\text{No of Shares outstanding}}$$

CHAPTER

$$\text{Share Price} =$$

CHAPTER # 37

$$\text{Payout Ratio} = \frac{\text{Annual dividend Amount}}{NI}$$

CHAPTER =

$$\text{Working Capital (G)}$$

$$\text{Dividend Per Share} = \frac{\text{Total dividend Amount}}{\text{No of Shares outstanding}}$$

$$\text{Current Assets} =$$

$$\text{Dividend Yield} = \frac{\text{Future Dividend}}{\text{Present Price}}$$

$$\text{Current Liabilities} =$$

$$\text{Dividend Growth Rate} = \text{Plough} \times \text{ROE}$$

↓ ↓

$$\text{Value of Firm} = \frac{\text{Price of one share}}{\text{one share}} \times \text{No of Shares}$$

↓
Page # 144

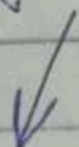
$$NPV = \frac{\sum CF}{(1+r)^t}$$

CHAPTER # 34

Debt to Equity Ratio

$$\frac{D}{E} = \frac{X_D}{(1-X_D)}$$

When debt is gradually increasing
on a Firm



$$r_{E,L} = WACC + \frac{D}{E} (WACC - r_{DL})$$

When Corporate Tax ap

$$r_{E,L} = WACC_U + X_D (WACC_U - r_D)$$

$$WACC_L = r_D (1 - TC) X_D + r_E X_E$$

$$\text{Equity} = \frac{NI}{r_{E,L}}$$

Chapter no 34

Last page no formula

$$NI = (EBIT - \text{Interest}) - T_c$$



EBT

$$NI = (EBIT - X_D r_D) (1 - TC)$$

$$\text{Net Proceeds} = \text{Market Price} - \text{Transaction Costs}$$

At Break Even point

$$\text{Net Proceeds} = \text{Market Price} - \text{Flotation Costs}$$

$$Q = \frac{F}{P - V}$$

$$\text{EBIT} = \text{Operating Revenue} - \text{Costs}$$

After Tax cost of debt

Operating Leverage =

$$r_D = r_D (1 - T_c)$$

CHAPTER # 30

$$\text{Firm's Total Stand Alone Risk} = \text{Business Risk} + \text{Financial Risk}$$

CHAPTER # 31

$$\text{EBIT} = PQ - VQ - F$$

$$\text{ROA} = \frac{\text{Return to Investors}}{\text{Total Assets}}$$

$$\text{Total Assets} = \text{Debt} + \text{Equity}$$

$$= \frac{\text{NI} + \text{Interests}}{\text{Total Assets}}$$

CHAPTER # 32

Beta Stock A = $\frac{\text{Covariance of Stock A with Market}}{\text{Variance of Market}}$

$$\beta_A = \frac{\sigma_A \sigma_M \rho_{AM}}{\sigma_M^2}$$

$$= \frac{\sigma_A \rho_{AM}}{\sigma_M}$$

CHAPTER # 25

Total Risk = Market Risk + ^{Specific} Random Risk

$$\sigma_A^2 = \beta_A^2 \sigma_M^2 + \sigma_{A-\text{ERROR}}^2$$

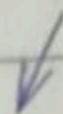
CHAPTER # 26

Market Risk Premium = $r_M - r_{RF}$

Stock A = $r_A - r_{RF}$

$$\text{Capital Gain Yield} = \frac{P_1 - P_0}{P_0}$$

$$\text{Asset Beta} = \text{Revenue} \times \left[1 + \frac{P_D}{P_V} \right]$$



Page # 115

CHAPTER # 28

Gordon's Formula

$$r_{CE} = \left(\frac{DIV_1}{P_0} \right) + g$$



Dividend Yield



Capital gain Yield

Again →

$$r_E = r_{RF} + \text{Beta}(r_M - r_{RF})$$

CHAPTER #19

Overall return

on a Stock = Dividend Yield + Capital gain Yield

Expected ROR = $\langle r \rangle = \sum P_i r_i$

$$\text{Risk} = \text{Std dev} = \sqrt{\sum (r_i - \langle r \rangle)^2 P_i}$$

CHAPTER #20

$$C.V = \frac{\text{Standard deviation}}{\text{Expected Return}}$$

Total Risk = Diversifiable Risk + Market Risk

CHAPTER #22

Risk for 2 stock Portfolio

$$\text{Risk} = \sqrt{X_A^2 \sigma_A^2 + X_B^2 \sigma_B^2 + 2(X_A X_B \sigma_{AB})}$$

CHAPTER #23

CML Equation $= r_P = r_{RF} + [(r_M - r_{RF}) \beta]$

CHAPTER #24

$$\text{Slope} = \text{Beta} = \frac{\Delta Y}{\Delta X}$$

$$= \frac{(Y_A - Y_{RF})}{(Y_M - Y_{RF})}$$

Portfolio Beta