

## HW - Chapter 4 - Cost of Capital - Q15

	Rs.
EBIT	1,00,000
Less: Interest (@10% on Rs. 5,00,000)	50,000
Earnings available for equity holders	50,000
÷ Equity capitalization rate i.e. $K_e$	15%
$P_0$	3,33,333
(+) Debt	5,00,000
Value of the firm	8,33,333
$K_o = EBIT \div V$	12%