

Assignment1

G Harsha Vardhan Reddy CS21BTECH11017

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variable	symbol	formula	value
Total investment	T	-	₹22500
cost of each share	CP	-	₹50
Discount	d	-	10%
Market Price	MP	CP - d	?
No.of shares	n	$\frac{T}{MP}$?
Dividend per share	d_1	-	12%
Total dividend	D	$d_1 \times n$?
Rate of return	r	$\frac{D}{T}$?

' ? ' \Rightarrow To be calculated

' - ' \Rightarrow Primary variables

Given

Total investment(T) = ₹22,500.

cost of each share (CP) = ₹50

Discount on each share (d) = 10%

$$\Rightarrow d = \frac{10}{100} \times 50$$

$$\Rightarrow d = 5$$

\therefore discount = ₹5 on each share

\therefore The Market price of each share(MP) = $CP - d$

$$\Rightarrow MP = 50 - 5$$

\therefore Market Price (MP) = ₹45 .

1) Total number of shares purchased (n)

$$n = \frac{CP}{MP}$$

$$\Rightarrow n = \frac{22500}{45}$$

$$\Rightarrow n = 500$$

\therefore On total 500 shares were purchased.

2) Given

Dividend paid by the company (D) = 12%

Dividend on each share (d_1) = 12% of (CP)

$$\Rightarrow d_1 = \frac{12}{100} \times 50$$

$$\Rightarrow d_1 = 6$$

\therefore Dividend on each share (d_1) = ₹6

Total dividend(D) = $d_1 \times n$

$$\Rightarrow D = 6 \times 500$$

$$\Rightarrow D = 3000.$$

\therefore Total dividend paid by the company (D) = ₹3000.

3) Rate of return he gets on investment

$$(r) = \frac{D}{T} \times 100$$

$$\Rightarrow r = \frac{3000}{22500} \times 100$$

$$\Rightarrow r = 13.33\%$$

$$\Rightarrow r \approx 13\%$$

\therefore He gets 13% return on his investment.