**FINANCIAL MANAGEMENT**

**ASSIGNMENT – 10**

**Valuation – I**

**Common Stock Valuation**

1. Price of stock is expected to be Rs 212 next year. Expected dividend during the year is Rs 10. If the expected return is 12%, what should you be willing to pay for the stock today?
2. Assume a dividend value of Rs 5, growing at 10% every year, and assume the expected return to be 15%. If the company sells itself for Rs 150 per share after 3 years, what price would you be willing to pay for this stock.

3. Assuming that the Market Capitalization of a company is Rs 20000 crore, the number of shares outstanding is 17 crore, and the net profit of the company is Rs 1400 crore, what is the P/E ratio of the company?

4. If a company is giving a dividend of Rs 3, 4 and 5 for the next 3 years, and is going to sell the business at the end of 3 years at a price of Rs 200 per share, then assuming a return expectation of 20% per year, what would be the price you would be willing to pay for the share today?

5. If the P/E ratio of a similar company is 22, and the company gives a net profit of Rs 200 crore, what should be the market capitalization of the company? Assuming 5 crore shares outstanding, what should be the per share price?