

Ans 1 Net profit before Tax = 20 000 000
 Less: Tax (35%)
 $\frac{35}{100} \times 20\,000\,000$ (7 000 000)

Net profit after Tax 13 000 000
 Less: Preference dividend
 10% of 10 000 000 (1 000 000)

Net profit available to Equity shareholders

12 000 000

No. of Shares = $\frac{30\,000\,000}{100}$] [Share Capital
] [Value per Share

= 30 000 Shares

EPS = $\frac{\text{Net profit available to Eq. sh. holders}}{\text{No. of Eq. sh. outstanding}}$
 = $\frac{12\,000\,000}{30\,000}$
 = 400 per share

$$\begin{aligned} \text{Also, P/E Ratio} &= \frac{\text{Market Value per share}}{\text{Earnings per share}} \\ &= \frac{200}{40} \\ &= 5 \text{ Times} \end{aligned}$$

$$\begin{aligned} \text{Ans 2} \quad \text{EPS} &= \frac{\text{Net profit available to} \\ &\quad \text{Eq. sh. holders}}{\text{No. of Eq. sh. o/s}} \\ &= \frac{50,00,000}{1,00,00,000} \\ &= \text{Rs. 50 per share.} \end{aligned}$$

$$\begin{aligned} \text{Now P/E} &= \frac{\text{Market Value per sh.}}{\text{EPS}} \\ &= \frac{500}{50} \Rightarrow 10 \text{ Times} \end{aligned}$$

$$\begin{aligned} \text{Dividend per share} &= \frac{\text{Dividend paid}}{\text{No. of Eq. sh.}} \\ &= \frac{10,00,000}{1,00,00,000} \\ &= \text{Rs. 10 per share.} \end{aligned}$$