Note: 4.1

\( \frac{r_D}{1 + p - pt} \)

\[ = \frac{(CD)p - (CD)pt + (CD)I - (CD)I - (CD)A}{1 + p - pt} \]

\( \text{(substituting 'r_D' as defined)} \)

\[ = \frac{(CD)(p - pt + I - l - A)}{(1 + p - pt)} \]

\[ = \frac{(CD)(p - pt + I - l - A)}{(1 + p - pt)} \]

\[ = (CD)W \]

where, \( W = \frac{(p - I)(1 - t - A)}{1 + p - pt} \)

'W' is actually the leveraging factor. We know that EOR of debt decreases with decrease in 'l'. Decrease in 'l' increases the numerator and as a result, the value of 'W' by increasing \((p - I)\).

Note 5.1

In the model, as it is defined in 5.2, projected share prices are estimated mainly on the basis of the proportionate changes of the independent variables. For finding out proportionate changes if one data comes out with a negative value, the particular part gives absurd value and depending on the magnitude of that absurd value the entire result for that particular projection might become inconsistent. This is an absolute and specific limitation of this "Share Price Projection Model", but still we used it because in this context no other
forecasting techniques can be suitably fitted except a mathematical model (Sancheti D.C., Kapoor V.K., 1982). We ignored this limitation on the ground that the data we are dealing with are all positive under normal situation and one can hardly afford to predict result of an abnormal situation.

In our case study, out of 24 companies with 5 years' data of 3 independent variables each, i.e. out of 360 cases there are only seven cases (ACC in 99-00, Cipla in 02-03 & 03-04, Tata Motor in 99-00 to 01-02, all for 'RTI' and Maruti Udyog in 00-01 for ROCE) where such abnormal phenomenon came up. Among these cases, only the cases of 'Cipla' and 'Tata Motor' have been able to make the projections to some extent inconsistent.

Note: 6.1

Varshney and Mittal (2003) collected the data that the total income of all scheduled commercial banks for the year 1997-98, 1998-99, 1999-00 and 2000-01 are Rs.85,857 Crores, Rs.1,00,078 Crores, Rs.1,14,930 Crores and Rs.1,32,078 Crores respectively out of which their interest earning stood as Rs.73751 Crores, Rs.87370 Crores, Rs.99184 Crores and Rs.114951 Crores. In terms of percentage those are 85.90%, 87.30%, 86.30% and 87.03% respectively.