ANNEXURE
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*Dividend Yield Method for COE*

\[ K_e = \frac{D_1}{P_1} \]

Where, \( K_e \) = Cost of Equity

\( D \) = Annual Dividend per share

\( PE \) = Ex-dividend market price per share

*Dividend Growth Model*

\[ K_e = \frac{D_1}{PE + G} \]

Where, \( D_1 \) = Current dividend per Equity share

\( PE \) = Market price per equity share

\( G \) = Growth in expected dividend

*Price Earning Method*

\[ K_e = \frac{E}{M} \]

Where, \( E \) = Current earnings per share

\( M \) = Market price per share

*Return*

\[ RT = \frac{P_1 - P_0}{P_0} \]

Where, \( RT \) = Rate of Return

\( P_1 \) = Today’s Stock Price

\( P_0 \) = Yesterday’s Stock Price
Annexure

- **Walter’s Model**

  \[ P = \frac{D}{K} + \frac{R(E-D)}{K} \]

  Where, \( E \) = Earnings per Share
  \( D \) = Dividend per Share
  \( K \) = Cost of Capital
  \( R \) = Internal Rate of Return

- **Gordon’s Model**

  \[ P0 = \frac{E1 - (1-b)}{K - br} \]

  Where, \( R \) = Internal Rate of Return
  \( K \) = Cost of Capital
  \( B \) = Retention Ratio

- **Modigliani and Miller’s hypothesis**

  \[ r = \frac{D + (P1 + P0)}{P0} = \frac{\text{Dividends + Capital Gain or Loss}}{\text{Purchase Price}} \]

- **Dividend Cover Ratio**

  \[ \text{Dividend Cover Ratio} = \frac{\text{Net profit after tax}}{\text{Dividend}} \]

- **Market Based Ratio**

  \[ \text{Earning Per Share} = \frac{\text{Net Profit after Tax and Preference Dividend}}{\text{No. of Equity Shares}} \]