

InflaproDividend incase of Preference Shares 9.5% return of a sample company Rate inflation=10%			
InflaproDiv varies from 2.8694% to 28.2628% Approx Investment=Rs.10000 No.of shares=1000 Normal-divd=9.5% FaceValue=Rs.10.00 [Yearly]			
Year	dividend as % [Yearly]	Convertible if applicable no of eq.shares.	Bal cash adjustmt if converted
1 st yr	2.8694	1066	Rs.3.06
2 nd yr	3.1563	1136	Rs.0.42
3 rd yr	3.4719	1209	Rs.2.46
4 th yr	3.8191	1286	Rs.-0.68
5 th yr	4.2010	1366	Rs.0.85
6 th yr	4.6211	1450	Rs.-3.49
7 th yr	5.0833	1537	Rs.-4.65
8 th yr	5.5916	1627	Rs.-4.10
9 th yr	6.1508	1720	Rs.-3.92
10 th yr	6.7658	1815	Rs.3.12
11 th yr	7.4424	1913	Rs.3.42
12 th yr	8.1867	2013	Rs.2.42
13 th yr	9.0054	2114	Rs.4.46
14 th yr	9.9059	2216	Rs.2.59
15 th yr	10.8965	2318	Rs.-1.61
16 th yr	11.9861	2418	Rs.1.72
17 th yr	13.1848	2516	Rs.0.50
18 th yr	14.5032	2610	Rs.0.42
19 th yr	15.9536	2698	Rs.4.60
20 th yr	17.5489	2779	Rs.3.24
21 st yr	19.3038	2850	Rs.3.21
22 nd yr	21.2342	2909	Rs.-2.42
23 rd yr	23.3577	2952	Rs.-4.87
24th yr	25.6934	2975	Rs.-0.28
25 th yr	28.2628	2975	Rs.-0.34

[goTop](#)

[goTop](#)

Notes: This is sample inflapro Calutaions for Pref shares in code: defa,7

- Rate inflation considered is 10%
- InflaproDividend varies from 2.8694% to 28.2628% Approx [Yearly]
- In lieu of normal/conventional Dividend of 9.5% [Yearly]
- This is a scientific way of arriving at EQUIVALENT method of conventional and INFLAPRO
- The idea is to pay a less dividend during first half of periodof INFLAPRO and accumulate the difference to the conventional one in the increased share itself and pay more dividend at later years than the conventional one without any extra burden to the company
- With inflapro, a company can easily propose pref.share as convertible to equity. If the preference share is convertible, the accrued value of shares increases because of less dividend in initial years.It increases at the same conventional preference one during first half of period. and is maximum at end of 24th yr
- If convertible option is made available then at end of 24th yr the closing balance of investment value is 29749.72which is equivalent to 2975 shares and a cash adjustment difference of -0.28 This diff being negative can be written off or adjusted with later dividends

[goTop](#)