

## 10. IND AS 33 - EARNINGS PER SHARE

### Practical Example 1: (Weighted Avg. Ordinary Shares)

Following is the data for company XYZ in respect of number of equity shares during the financial year 20X1-20X2. Find out the number of shares for the purpose of calculation of basic EPS as per IndAS 33.

Sr. No.	Date	Particulars	No of shares
1	1-Apr-20X1	Opening balance of outstanding equity shares	100,000
2	15-Jun-20X1	Issue of equity shares	75,000
3	8-Nov-20X1	Conversion of convertible pref shares in Equity	50,000
4	22-Feb-20X2	Buy back of shares	(20,000)
5	31-Mar-20X2	Closing balance of outstanding equity shares	205,000

### Solution

Sr. No.	Date	Particulars	No of shares	No of days shares were outstanding	Weighted average no of shares
1	1-Apr-20X1	Opening balance of outstanding equity shares	100,000	365	100,000
2	15-Jun-X1	Issue of equity shares	75,000	290	59,589
3	8-Nov-X1	Conversion of convertible preference shares in Equity	50,000	144	19,726
4	22-Feb-X2	Buy back of shares	(20,000)	(38)*	(2,082)
5	31-Mar-X2	Closing balance of Outstanding equity shares	205,000		177,233

### Practical EXAMPLE 2: (Basic EPS)

EBIT = 49,80,000 (Current Year = 23-24)

Current Tax = 12,45,000

DTL = 2,15,000

85% Debenture issued on 1/7/23, ₹75 lacs

9% Non-Cumulative Preference Shares Capital are Outstanding ₹ 40 lacs From Beginning

10% Preference Shares Capital are issued on 1/3/24, ₹ 80 lacs

Preference Dividend not yet Declared

Ordinary Shares during Current Year 23-24 are:

1/4/23	10,00,000 Shares are Outstanding
1/7/23	New issue 60,000 no.
1/11/23	Buy Back 25000 no.

Calculate Basis EPS

### SOLUTION:

#### Calculation of EAESH:

Earnings Before Interest & Tax	49,80,000
(-) Interest	(4,78,125)
Earning Before Tax	45,01,875
(-) Tax Expenses	(14,60,000)
Earnings After Tax	30,41,875
(-) Preference Dividend on Cumulative Shares only (since dividend is not declared hence Dividend on Non-Cumulative Pref. Share is ignore)	(66,667)
<b>Earnings Available for Equity Share Holder</b>	<b>29,75,208</b>

#### Calculation of Weighted Avg. Ordinary Shares:

	1/4	10,00,000 × 12/12	10,00,000
New Issue	1/7	60,000 × 9/12	45,000
Buy Back	1/11	25,000 × 5/12	(10,417)
			<b>10,34,583</b>

**Basic EPS = 29,75,208 ÷ 10,34,583 = 2.876/-**

#### Practical Example 3: (Partly Paid-up Shares)

Calculate Basic earnings per share for 10-11

Earnings attributable for Equity shareholders (10-11)- Rs. 10,00,000/-

Equity Shares opening Balance 1/4/2010: 16,500 shares of Rs. 10 each Rs.7 paid up

Public Issue - 1/7/2010: 10,000 shares of Rs. 10 each Rs.6 paid up

Received calls on 1/10/2010: 16,400 shares Rs. 3 per share

Received calls on 1/11/2010: 10,000 shares Rs. 4 per share

**(Answer: EPS - 49.56)**

#### Practical Example 4: (Compulsory Convertible Debentures)

O/s Equity shares as on 01.04.2018 = 1,00,000 no. of Rs.10/-

Issued 9% Compulsorily convertible debentures on 01.07.2018 = 10,000 No. (100/-)

Convertible after 3 years in the ratio of 3:1  
 EBIT-12,00,000; Tax Expenses 1,80,000

### **Practical Example 5: (Right Issue)**

X Co. Ltd. supplied the following information. You are required to compute the Basic EPS. (Accounting year 1.1.2002 - 31.12.2002)

Net Profit for the accounting years 2002 and 2003 is Rs. 20,00,000 and Rs.30,00,000.

No. of shares outstanding prior to Right Issue 10,00,000 shares

Rights Issue: One new share for every 4 Shares outstanding i.e., 2,50,000 shares

Right Issue Price: Rs. 20. Last date for exercise of rights is 31.3.2003

Fair Rate of one Equity Share immediately prior to exercise of right on 31.3.03 = Rs. 25

**(Answer: Basic EPS for the current year = Rs. 2.50.)**

EPS for the previous year as originally reported = Rs. 2.00,

Adjusted EPS for the previous reporting period  $\text{Rs.}20,00,000 \div (10,00,000 \times 1.042) = \text{Rs. } 1.92$

### **Practical Example 6: (Business Combination)**

P Ltd. has earnings of Rs 15,00,000, o/s equity shares 50,000 no.

P Ltd. has one subsidiary co. S Ltd. (80% investment) whose earnings Rs. 5,00,000, Subsidiary has total equity shares O/s 20,000. During the year S Ltd. paid dividend Rs.150000 to its shareholders. Calculate BEPS of PL td. for Separate as well as Consolidated Financial Statements.

**Ans: EPS 30 & 35.6**