IND AS 33 - EARNINGS PER SHARE (EPS)

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Presentation of EPS

- Consolidated FS → Consolidated EPS only
- Separate FS → Separate EPS only
- ➲EPS for Continuing Operations
- ➲EPS for Discontinuing Operations
- ➲EPS for Total Business

Formulae to Calculate EPS (for CFS)

$$\frac{\text{NP/L attributed to ESH of Parent}}{\text{W.Arg. No. of Eq Shares}}$$

NP/L from SFS of Parent co. + Parent's share in NP/L of Subsidiary co.

Numerator - NP/L attributed to ESH

- Pref. Dividend
  - If Cumulative → Deduct always
  - If Non Cumulative → Deduct only when Declared
- Premium on Redemption of Pref. Shares → Deduct always even though not charged to P&L a/c

Special Cases

- Partly Paid Shares
  - Entitled for Dividend → Consider in BEPS Calculation
  - Not Entitled for Dividend until they become Fully Paid → Consider in DEPS Calculation as a Potential Eq. shares
- Eq. shares having different Face values or different Paid up Values → Calculate "Earnings per Rupee" First by taking W. Arg Amt of Eq. share Capital o/s during the year → Then, Such EPR shall be Multiplied to different Paid up values or different Face Values to get EPS
- Bonus Shares / Share Split / Share Consolidation → For Calculation of "W.Arg" date Shall be Considered from Beginning of earliest period Presented
  - In CY Take $\frac{12}{12}$ weight
  - In PY → Restate EPS by taking Effect of Bonus/Split/Consolidation
- Compulsory Convertible Securities
  - ● To be Considered while Calculating B.EPS from the date of issue of such Securities
  - ● However Interest/Divd. Paid on Such Securities shall be deducted for Net profit calculation
  - ● Always assume that convertible instruments are not Mandatory/ Compulsory Convertible if Question is Silent
- Equity Shares issued Under Business Combination
  - ● Time weight shall be Considered from "Date of Acquisition"
  - ● Reason:- Since Earnings are Combined from DOA Only.

EPS in Case of Right Issue

Step -1 → Calculate Ex- Right Price of Share

$$\frac{(\text{FV Cum Right} \times \text{No. of Shares O/S before Right}) + \text{Right Issue Proceeds}}{\text{Total O/S Shares Post Right}}$$

Step - 2 → Calculate Right Factor

$$\frac{\text{Cum Right Price}}{\text{Ex Right Price}}$$

Step - 3 → Calculate CY BEPS :-

$$\frac{\text{Net P/L}}{(\text{No. of Shares Pre - Right} \times \text{Right Factor} \times \text{Time weight}) + (\text{No. of Shares Post - Right} \times \text{Time weight})}$$

Step - 4 → Calculate Restated EPS of P.Y. by Considering Right Factor

No. of O/S Shares in PY X Right Factor

Diluted EPS

- When to Calculate DEPS? → When Entity has O/S Potential Eq. Shares
  - Eg. (a) Convertible Pref. Shares
    (b) Convertible Debentures
    (c) Share Warrants
    (d) Options O/S
    (e) Partly Paid Eq. Shares if not entitled for Dividend
    (f) Contingenently issuable Shares
- How to Calculate DEPS?
  - Step-1 Identify Potential Eq shares First
  - Step-2 Calculate Incremental EPS(IEPS) for every single Potential Equity Shares & arrange IEPS in Increasing Order
  - Step-3 Apply test of Dilution - Test each Potential Eq. Share on BEPS for Continuing operation
    - • If EPS declines from Preceeding Calculation then it is called DEPS
    - • If EPS increases from Preceeding Calculation then it is Anti-Dilutive
- DEPS Under Call Options Issued
  - "In the Money Options" are Dilutive → Exer. Price is Lower than Market Price
    - Total No. of Options____xxx
    - (-) Non-diluted Portion__xxx
    - → $\frac{\text{Total Options} \times \text{Ex. Price}}{\text{M.P.}}$
  - "Out of Money Options" are Non - Diluted → Ignore in Calculation of DEPS
- Contingently Issuable shares → To be included in the working of DEPS if not yet issued but Conditions Satisfied on B/S date