

AS 20 - EPS

3) Types of EPS ↙ Basic Eps
↘ Diluted Eps

4) Basic Eps :- $\frac{\text{EAESH (₹)}}{\text{W. Avg. of Eq. Shares during the year}}$

Numerator → Denominator

5) EAESH (Net profit/loss available for ESH) :-

EBIT _____ XXX

(-) Interest on Borrowings - (XXX)
 (AS 16, 19)

EBT _____ XXX

(-) Tax Expense _____ (XXX)

CT

(+) DTL

(-) DTA

EAT _____ XXX

(-) Pref. Dividend* _____ (XXX)

EAESH

XXXX

Numerator

(-) Eq. Divd. _____ (XXXX)

(-) Transfer to GR _____ (xxx)
or Other Reserves

Retained Earnings

EXAMPLE 1:

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

Calculate EAESH

Solution:-

$$\text{EBIT} = 4980000$$

$$(-) \text{Interest} = (478125)$$

$$75 \text{ lacs} \times 8.5\% \times \frac{9}{12}$$

$$\text{EBT} = 4501875$$

$$(-) \text{Tax exp} = (460000)$$

$$\text{CT } 1245000$$

$$(+)\text{DTL } 215000$$

$$30,41,875$$

$$(-) \text{Pref. Divd} = (66667)$$

$$80 \text{ lacs} \times 10\% \times \frac{1}{12}$$

$$\text{EAESH} = 29,75,208$$

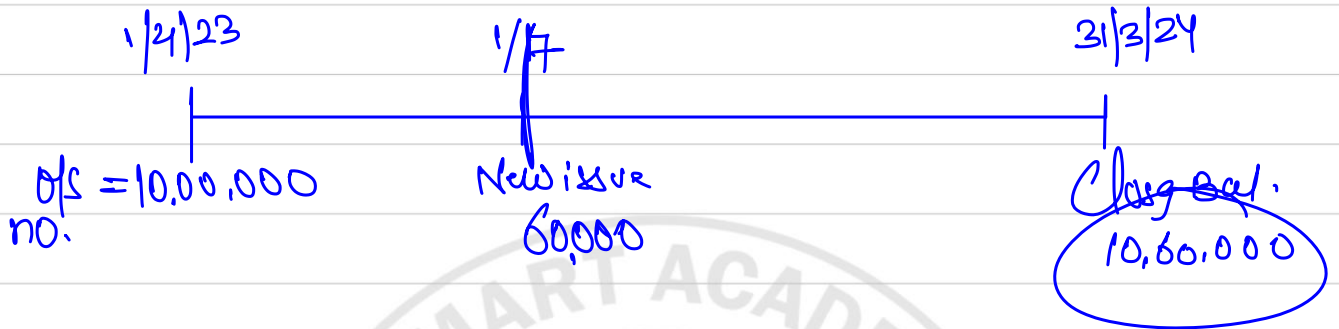
EXAMPLES 2:

Current Year 23-24

1/4/23: - 10,00,000 Shares are Outstanding

1/7/23: - New issue 60,000 No.

Calculate Weighted Average.



Approach 1

<u>Date</u>	<u>Particulars</u>		
1/4	Op. ofs	$10,00,000 \times \frac{12}{12}$	= 10,00,000
1/7	New issue	$60,000 \times \frac{9}{12}$	= 45,000

W. Avg. ofs Eq. Shares = 10,45,000

Approach-2

<u>Date</u>	<u>Particulars</u>		
1/4	Op. ofs	$10,00,000 \times \frac{3}{12}$	= 2,50,000
1/7	New issue	$10,60,000 \times \frac{9}{12}$	= 7,95,000
			<u>10,45,000</u>

EXAMPLE 3:

Current Year 23-24

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

SOLUTION

$$1/4 \quad 10,00,000 \times 12/12 = 10,00,000$$

$$1/7 \quad 60,000 \times 9/12 = 45,000$$

$$1/11 \quad (25,000 \times 5/12) = (10,416)$$

$$\underline{10,34,584}$$

$$1/4 \quad 10,00,000 \times \frac{3}{12} = 2,50,000$$

$$1/7 \quad 10,60,000 \times \frac{4}{12} = 3,53,333$$

$$1/11 \quad 10,35,000 \times \frac{5}{12} = 4,31,250$$

$$\underline{10,34,583}$$

EXAMPLE 4:

EBIT = 32,50,000, Tax Rate = 30%

Current Year = 23-24

As on 1/4/23	Outstanding of Equity Shares = 10,00,000 no.
On 1/4/23	Outstanding 9% Convertible Debenture = ₹ 26,00,000, Face Value = 100/- <u>26000</u>
On 1/9/23	Convertible Debentures Converted into Equity Shares in the Ratio of 3:1

Calculate EPS

(Sol):-

1) EAESH EBIT = 32,50,000
(-) Interest = (97,500)
 $2600000 \times 9\% \times 5/12$

EBT = 31,52,500
(-) Tax = (945,750)

EAT = 22,06,750
(EAESH)

2) W. Avg. of Eq. Shares:-

$1/4 \ 10,00,000 \times 12/12 = 10,00,000$

$1/9 \ 78000 \times 7/12 = 45,500$

10,45,500

Basic Eps = $\frac{22,06,750}{10,45,500} = 2.11/-$ per share

EXAMPLE 5:

EBIT - 25,00,000, Tax Rate - 30%

As on 1/4	(a) Outstanding Equity = 90,000 No. (b) 9% Debentures of ₹ 60,00,000
On 1/7	Public Issue made of 30,000 No. of Equity Shares
On 1/10	Issued 11% Cumulative Preference Share Capital of ₹ 40,00,000 (Dividend not Declared)
On 1/12	Buyback of 20,000 Equity No.

Calculate BEPS.

(a) :-

$$\text{EBIT} = 250000$$

$$(-) \text{Int} = (50000)$$

$$196000$$

$$(-) \text{Tax} = 58800$$

$$137200$$

$$(-) \text{Divd} \\ \text{Gr} = (22000)$$

$$115200$$

$$1/4 \quad 90000 \times 12/12 = 90000$$

$$1/7 \quad 30000 \times 9/12 = 22500$$

$$1/12 \quad (20000 \times 4/12) = (6666)$$

$$105834$$

$$\text{Basic Eps} = \frac{115200}{105834} = 10.88$$

Q201

Fy X0-X1

$$\text{Basic Eps} = \frac{18,00,000}{20,00,000} = 0.90/-$$

Fy X1-X2

$$\text{Basic Eps} = \frac{60,00,000}{60,00,000} = 1/-$$

Calculation of Restated Eps of Fy X0-X1

$$\begin{aligned} \text{Restated Eps} &= \frac{\text{Earnings (X0-X1)}}{\text{W.Avg (X0-X1) + Bonus (X1-X2)}} \\ &= \frac{18,00,000}{60,00,000} = 0.30/- \end{aligned}$$

	Cy SPL	Cy	Py
Earnings		60 Lak.	18 Lak.
Basic Eps		1/-	0.30/- 0.30/-

$$\frac{42}{18} \times 100 = 233.33$$

$$\frac{0.70}{0.30} \times 100$$

$$\frac{12}{12}$$

Bonus

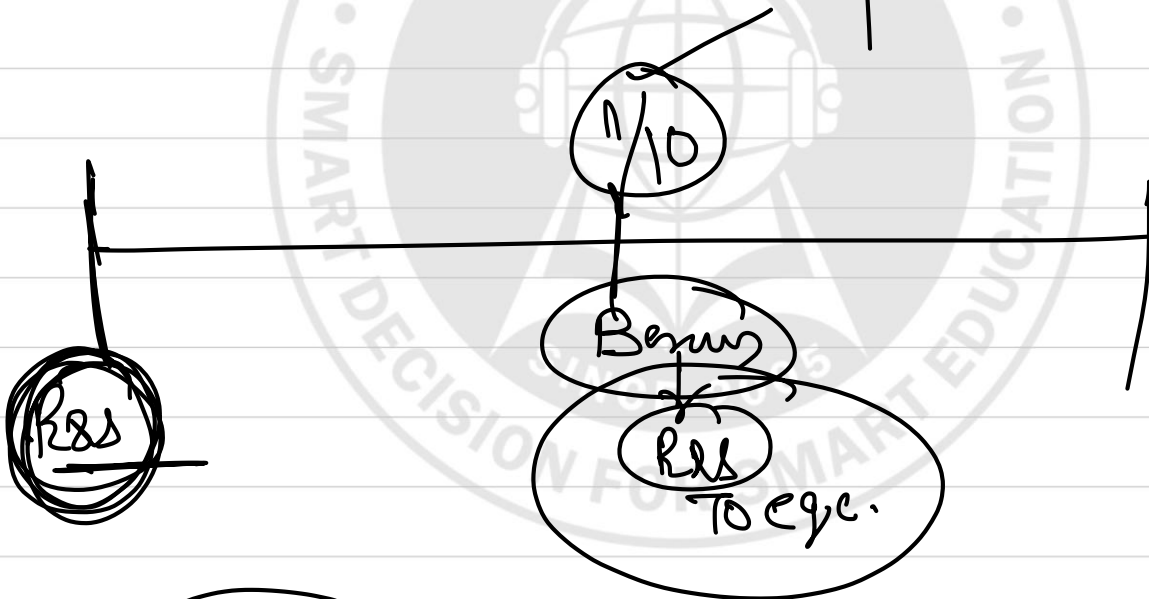
R&S
To eqe 5/5

B/S

ESC	1500000
R&S	3000000
equity	45 lak.

Bonus its. Slan.

ESC	20
R&S	25
	45



eqe + R&S = Total eq.