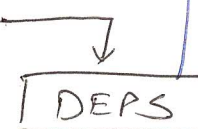
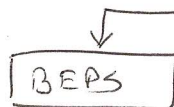
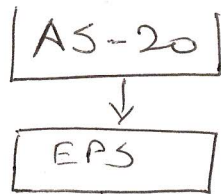


NOTE: Partly paid up shares without dividend rights are included for AS-20.



Potential ES

- Convertible PS
- Convertible Debt.
- Share warrant
- Partly paid shares without dividend right
- ESOP
- Share application money (other than in Escrow account.)

A) $BEPs = \frac{\text{Earnings Available to ESH (a)}}{\text{weighted avg. no. of ES (b)}}$

(B) Whenever Bonus shares are issued, then P.Y BEPS & DEPS will be restated.

(a) PAT xxx
 - Pref. dividend on cumulative PS (xxx)
 - Pref. dividend on non cumulative PS (xxx) (only when declared)
 - CDT on Pref. Dividend $\frac{(xxx)}{xxx}$

(C) How to split Right paid & Bonus Part.

Step 1 Fair Value Ex Right

$$= \left[\frac{\text{Shares before right} \times \text{FV before right}}{\text{No. of shares after right}} \right] + \left[\frac{\text{Right} \times \text{Right Price}}{\text{No. of shares after right}} \right]$$

 Step 2
 Paid part = $\frac{\text{Right shares} \times \text{Right Price}}{\text{Step 1}}$

(b) Opening Balance
 + Fresh Public Issue for o/s period
 + Bonus Issue for complete period
 + Right Issue:
 • Paid part → o/s period
 • Bonus part → complete period
 + Buy Back of ES:
 • Paid part → o/s period
 • Bonus part → complete period
 + Shares issued in amalgamation:
 • Purchase → o/s period
 • Merger → complete period

xxx Step 3 Bonus part = Right shares - Step 2

xxx (D) DIFFERENTIAL DIVIDEND VOTING RIGHT

xxx Absolute

xxx Step 1 Calculate earnings for ESH
 Step 2 Deduct incremental dividend from each class

xxx Step 3 Calculate BEPS
 Step 4 Add incremental EPS for each class to BEPS

xxx

Proportionate

Step 1 Calculate earnings for ESH
 Step 2 Calculate ratio of distribution

Step 3 Calculate EPS

$$= \frac{\text{Ratio} \times \text{Step I}}{\text{No. of shares for each class.}}$$

Step 1: IDENTIFY POTENTIAL SHARES

PS = as per Ques. (PES)

Debt = as per Ques.

ESOP = $ESOP - \left[\frac{ESOP \times \text{Exercise Price}}{\text{Avg. F.V.}} \right]$

Step 2: Incremental EPS.

$$= \frac{\text{Effect of PES on Numerator}}{\text{Effect of PES on denominator}}$$

Step 3: Test for Dilution

a) Calculate Earning for ESH

b) Use PES's incremental EPS in ascending order

c) If ratio declines, consider PES as dilutive, otherwise antidilutive