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govinda (student) 14 March 2018

Incase of convertible Debentures why we are not considering it in Basic Eps calculation?? I got same in pm. If converted Date is not provided it is not considered in Basic Eps?? What is the SEBI Rule

Divakar (Student CA Final) 14 March 2018

In sebi rule it is considered... Please refer RTP questions

govinda (student) 14 March 2018

It is considered in Basic Eps only if Conversion Date is provided as per my knowledge but i want to knw the concept. It is considered only for Diluted Eps if conversion date is not provided.

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Plz refer sebi rules and RTP questions... Already told u that... Convertible securities is considered in bonus issue....



••• [Divakar](#) (Student CA Final) [🕒 14 March 2018](#)

Why convertible debentures should be included in basic EPS... it is considered in dilutive EPS... NO RELEVANCE of ur query



••• [Divakar](#) (Student CA Final) [🕒 14 March 2018](#)

Convertible securities is dilutive in nature



••• [satish](#) (teaching) [🕒 14 March 2018](#)

convertible debentures are nothing but prospective equity shares. right now no equity shares from convertible debentures.

so while calculation of basic EPS should not be consider the convertible debentures. if conversion happens before closing the financial year, we should consider (because of by the end of the year debenture were converted as equity shares)

where as **IN diluted EPS, conversion was not done by ending of financial year these convertible debentures are prospective shares.**

Basic EPS = PAES / WANES

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when conversion occurs no increase in resources of the entity. so same earning will get in future.

but number of equity shares will increase (because of conversion)

so in future Our Basic EPS will get diluted (because of conversion of debentures)

while calculation of diluted EPS we should consider all the chances to allot future equity shares. (like convertible debentures and convertible preference shares etc....)



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