



# GOA BRANCH OF WESTERN INDIA REGIONAL COUNCIL OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA E-NEWSLETTER

(SET UP BY AN ACT OF PARLIAMENT)

E-NEWSLETTER  
**Volume IV Part 6**  
**July 2023**



# जागृती

**Arise, Awaken, Aspire**

**DISCLAIMER:**

The views expressed in this journal are the personal views of the contributors and the Goa Branch of WIRC of ICAI does not necessarily concur with the same. The Board reserves the right to amend any part of the article, without any prior intimation to the author to bring it in conformity with the existing law. The opinions expressed herein should not be construed as legal or professional advice. Neither the Goa Branch of WIRC of ICAI, the publisher, the editor nor contributors are responsible for any decisions taken by readers on the basis of these views.

# INDEX

Chairperson's Communiqué .....	Pg. 2
Direct Tax & Corporate Law Updates .....	Pg. 4
GST Notifications for the Month of July 2023.....	Pg. 5
Operating Metrics for Startups: Is standardization required?.....	Pg. 11
Activity Report July 2023 .....	Pg. 15

## MANAGING COMMITTEE



CA. THOMAS ANDRADE  
Chairperson



CA. MILIND SHIRODKAR  
Vice-Chairperson



CA. VINAYAK DHUMATKAR  
Secretary



CA. VISHWANATH BHOBE  
Chairperson - WICASA



CA. VAIBHAV BALE  
Treasurer



CA. GAURAV KENKRE  
Immediate  
Past Chairperson

# *Chairperson's Communique*



My Dear Professional Colleagues,

I hope this message finds you all in good health and spirits. It gives me immense pleasure to share with you the highlights of our activities and events that took place during the month of July.

We commenced this month with great enthusiasm by celebrating the 75th CA Day, a significant milestone in the history of our profession. We were honored to have Dr. Rajesh Javherani, a renowned Diabetologist and Intensive Critical Care Expert, as the chief guest for this momentous occasion. As part of our commitment to the well-being of our members and the community, we organized health check-up camps, eye test camps, and a women's breast awareness camp. These initiatives aimed to promote health awareness and preventive care among our members and the wider public.

On 4th July we celebrated Golden Jubilee the 50th establishment anniversary of the Goa branch of ICAI a milestone by releasing the memorabilia depicting the tiny state of Goa making a mark in the chartered accountancy profession in the present of Shri Krishna Salkar, Hon'ble MLA Vasco and Central council members of ICAI.

On 1st July 2023, we held the 49th Annual General Meeting of the Goa Branch. The meeting was an excellent opportunity to discuss the progress and future plans of the branch and to receive valuable inputs from our esteemed members.

One of the highlights of the month was the signing of an MOU between the Department of State Taxes, Goa, and the Government of Goa. The ceremony was graced by the Hon'ble Chief Minister of Goa, Shri Pramod Sawant, and esteemed representatives from ICAI, including CA. Aniket Talati, President of ICAI, CA. Ranjeet Kumar Agarwal, Vice President of ICAI, CA. Sushil Kumar Goyal, Chairman, GST & Indirect Taxes Committee, CA. Mangesh Kinare, CCM, CA. Durgesh Kumar Kabra, CCM, and CA. (Dr.) Jai Kumar Batra, Secretary, ICAI. Additionally, our President, Vice President, Secretary, and other Central Council Members had an engaging and interactive meeting with our students, providing them with valuable insights into the profession.

We organized a "Tax Clinic" in collaboration with the Direct Taxes Committee of ICAI. The clinic was graced by the Chief Commissioner of Income Tax, Shyama Bansia, as well as ICAI President CA. Aniket Talathi and Vice President CA. Ranjeet Kumar Agarwal.

Furthermore, we promoted a sense of camaraderie and healthy competition by hosting the Annual Futsal Tournament for our members and students.

Goa WICASA held its 3rd Annual General Meeting, along with an Orientation Course for CA Students. Additionally, we organized a 1-day seminar on the Basics of GST, Soft Skills, and a Fireside Chat with a Ranker, providing invaluable career counselling with various colleges.



Last but not least, we took the opportunity to honor and felicitate retiring officials of the Income Tax department - Principal Chief Commissioner Smt. Shyama Bansia, Chief Commissioner Shri Manoj Joshi, and Commissioner Appeals Shri Chakrapani VS. The felicitation ceremony was graced by Honorable Smt. Chaitali Panmei, Principal Chief Commissioner of Income Tax, Karnataka & Goa Region.

I am thrilled to share with you the exciting news that the Goa Branch is honored to host the prestigious Council Meeting of ICAI this year. The meeting will take place in Goa from 13th to 15th August 2023. This is a momentous occasion for our branch, and we are committed to making it a memorable and successful event.

Furthermore, this year marks a historic first for Goa Branch as we will be celebrating Independence Day in the presence of esteemed dignitaries, including the President and Vice President of ICAI and all Central Council Members. It is indeed a proud moment for all of us to celebrate our nation's independence in the company of such distinguished guests.

The festivities will begin with a symbolic gesture of patriotism as we flag off a 50 KM cycle rally at 6:30 am on the Independence Day morning.

As we come together for this momentous occasion, let us also take a moment to reflect on the values that our independence represents - freedom, democracy, and inclusivity. These principles guide our profession as well, as we continue to uphold the highest standards of ethics, integrity, and professionalism.

I invite all members to actively participate in the Independence Day celebrations. Let us join hands and make this event a resounding success that will be remembered for years to come.

Looking forward to seeing you all at the Independence Day celebrations.

Jai Hind!

Warm Regards,

CA. Thomas Andrade  
Chairperson










## DIRECT TAX & CORPORATE LAW UPDATES -CA. Rohan Bhandare

Given below are summarised versions of certain important Circulars / Notifications / Press Releases for July 2023 issued by the Central Board of Direct Taxes (CBDT) for the general information of members. Readers are requested to use the website links / QR Codes to access the full text of the desired circular / notification / press release.

### A. Income Tax Updates

- The CBDT has issued Circular No. 13/2023 dated July 26, 2023 regarding the condonation of delay under clause (b) of sub-section (2) of section 119 of the Income Tax Act, 1961 for returns of income claiming deduction under section 80P of the Act for various assessment years from AY 2018-19 to AY 2022-23. The Board has directed that the Chief Commissioners of Income-tax (CCSIT) / Directors General of Income-tax (DGSIT) be authorized to deal with applications of condonation of delay pending before the Board, upon transfer of such applications by the Board, and decide such applications on merits, in accordance with the law. The CCSIT / DGSIT shall preferably dispose the application within three months from the end of the month in which such application is received from the applicant or transferred by the Board. No order rejecting the application under section 119(2)(b) of the Act shall be passed without providing the applicant an opportunity of being heard.
- E-filing of Tax Audit Report Form 3CA-3CD and 3CB-3CD for AY 2023-24 is enabled. Taxpayers can download Offline Utility through “Downloads” Menu option.

### Important Links:

Income Tax Updates	MCA Updates	ICAI Updates
		
<a href="https://bit.ly/2LZIZmH">https://bit.ly/2LZIZmH</a>	<a href="https://bit.ly/2AUnLFN">https://bit.ly/2AUnLFN</a>	<a href="https://bit.ly/2XydhU6">https://bit.ly/2XydhU6</a>





## GST NOTIFICATIONS FOR THE MONTH OF JULY 2023 -CA Aishwarya G. Talaulikar

### ➤ NOTIFICATIONS FOR THE MONTH OF JULY 2023

#### • Notification No 18/2023 – Central Tax dated 17-07-2023

In exercise of the powers conferred by the proviso to sub-section (1) of section 37 read with section 168 of the CGST Act 2017, the Commissioner, on the recommendations of the Council, hereby makes the following further amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 83/2020 – Central Tax, dated the 10th November, 2020, namely

In the said notification, in the fourth proviso: -

- (i) for the words, letter and figure “tax periods April 2023 and May 2023”, the words, letter and figure “tax periods April 2023, May 2023 and June 2023” shall be substituted;
- (ii) for the words, letters and figure “thirtieth day of June, 2023”, the words, letter and figure “thirty-first day of July, 2023” shall be substituted.

This notification shall be deemed to have come into force with effect from the 30th day of June, 2023.

#### • Notification No 19/2023 – Central Tax dated 17-07-2023

In exercise of the powers conferred by the proviso to sub-section (6) of section 39 of the CGST Act 2017, the Commissioner, on the recommendations of the Council, hereby makes the following further amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 12/2023 – Central Tax, dated the 24th May, 2023, namely

- (i) for the words, letter and figure “months of April, 2023 and May, 2023” the words, letter and figure “months of April, 2023, May, 2023 and June, 2023” shall be substituted;
- (ii) for the words, letters and figure “thirtieth day of June, 2023”, the words, letter and figure “thirty-first day of July, 2023” shall be substituted.

This notification shall be deemed to have come into force with effect from the 30th day of June, 2023.

#### • Notification No 20/2023 – Central Tax dated 17-07-2023

In exercise of the powers conferred by sub-section (6) of section 39 of the CGST Act, 2017 (12 of 2017), the Commissioner, on the recommendations of the Council, hereby extends the due date for furnishing the return in FORM GSTR-3B for the quarter ending June, 2023 till the thirty-first day of July, 2023, for the registered persons whose principal place of business is in the State of Manipur and are required to furnish return under proviso to sub-section (1) of section 39 read with clause (ii) of sub-rule (1) of rule 61 of the Central Goods and Services Tax Rules, 2017.



- **Notification No 21/2023 – Central Tax dated 17-07-2023**

In exercise of the powers conferred by sub-section (6) of section 39 read with section 168 of the CGST Act, 2017 (12 of 2017), the Commissioner hereby makes the following further amendment in notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 26/2019 – Central Tax, dated the 28th June, 2019, namely In the said notification, in the first paragraph, in the fifth proviso: -

- (i) for the words, letter and figure “months of April 2023 and May 2023” the words, letter and figure “months of April 2023, May 2023 and June 2023” shall be substituted;
- (ii) for the words, letters and figure “thirtieth day of June, 2023”, the words, letter and figure “thirty-first day of July, 2023” shall be substituted.

This notification shall be deemed to have come into force with effect from the 30th day of June, 2023.

- **Notification No 22/2023 – Central Tax dated 17-07-2023**

In exercise of the powers conferred by section 128 of the CGST Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India, the Ministry of Finance (Department of Revenue), No. 73/2017- Central Tax, dated the 29th December, 2017, namely

In the said notification, in the seventh proviso, for the words, letter and figure “30th day of June, 2023” the words, letter and figure “31st day of August, 2023” shall be substituted.

This notification shall be deemed to have come into force with effect from the 30th day of June, 2023.

- **Notification No 23/2023 – Central Tax dated 17-07-2023**

In exercise of the powers conferred by section 148 of the CGST Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India, the Ministry of Finance (Department of Revenue), No. 03/2023- Central Tax, dated the 31st March, 2023, namely

In the said notification, for the words, letter and figure “30th day of June, 2023” the words, letter and figure “31st day of August, 2023” shall be substituted.

This notification shall be deemed to have come into force with effect from the 30th day of June, 2023.

- **Notification No 24/2023 – Central Tax dated 17-07-2023**

In exercise of the powers conferred by section 148 of the CGST Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India, the Ministry of Finance (Department of Revenue), No. 06/2023- Central Tax, dated the 31st March, 2023, namely

In the said notification, for the words, letter and figure “30th day of June, 2023” the words, letter and figure “31st day of August, 2023” shall be substituted.

This notification shall be deemed to have come into force with effect from the 30th day of June, 2023.



- **Notification No 25/2023 - Central Tax dated 17-07-2023**

In exercise of the powers conferred by section 148 of the CGST Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India, the Ministry of Finance (Department of Revenue), No. 07/2023- Central Tax, dated the 31st March, 2023, namely

In the said notification, for the words, letter and figure “30th day of June, 2023” the words, letter and figure “31st day of August, 2023” shall be substituted.

This notification shall be deemed to have come into force with effect from the 30th day of June, 2023.

- **Notification No 26/2023 - Central Tax dated 17-07-2023**

In exercise of the powers conferred by section 148 of the CGST Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India, the Ministry of Finance (Department of Revenue), No. 08/2023- Central Tax, dated the 31st March, 2023, namely

In the said notification, for the words, letter and figure “30th day of June, 2023” the words, letter and figure “31st day of August, 2023” shall be substituted.

This notification shall be deemed to have come into force with effect from the 30th day of June, 2023.

- **Notification No 27/2023 - Central Tax dated 31-07-2023**

In exercise of the powers conferred by clause (b) of sub-section (2) of section 1 of the Finance Act, 2021 (13 of 2021), the Central Government hereby appoints the 1st day of October, 2023, as the date on which the provisions of section 123 of the said Act shall come into force.

- **Notification No 28/2023 - Central Tax dated 31-07-2023**

In exercise of the powers conferred by clause (b) of sub-section (2) of section 1 of the Finance Act, 2023 (8 of 2023), the Central Government hereby appoints, –

(a) the 1st day of October, 2023, as the date on which the provisions of sections 137 to 162 (except sections 149 to 154) of the said Act shall come into force;

(b) the 1st day of August, 2023, as the date on which the provisions of sections 149 to 154 of the said Act shall come into force.

- **Notification No 29/2023 - Central Tax dated 31-07-2023**

In exercise of the powers conferred by section 148 of the CGST Act, 2017 (12 of 2017) (hereinafter referred to as the said Act), the Central Government, on the recommendations of the Council, hereby notifies the following special procedure to be followed by a registered person or an officer referred to in sub-section (2) of Section 107 of the said Act who intends to file an appeal against the order passed by the proper officer under section 73 or 74 of the said Act in accordance with Circular No. 182/14/2022-GST, dated 10th of November, 2022 pursuant to the directions of the Hon'ble Supreme Court in the case of Union of India v/s Filco Trade Centre Pvt. Ltd., SLP(C) No.32709-32710/2018.



1. An appeal against the order shall be made in duplicate in the Form issued by the Department and shall be presented manually before the Appellate Authority within the time specified in sub-section (1) of section 107 or sub-section (2) of section 107 of the said Act, as the case may be, and such time shall be computed from the date of issuance of this notification or the date of the said order, whichever is later:

Provided that any appeal against the order filed in accordance with the provisions of section 107 of the said Act with the Appellate Authority before the issuance of this notification, shall be deemed to have been filed in accordance with this notification.

2. The appellant shall not be required to deposit any amount as referred to in sub-section (6) of section 107 of the said Act as a pre-condition for filing an appeal against the said order.
3. An appeal filed under this notification shall be accompanied by relevant documents including a self-certified copy of the order and such appeal and relevant documents shall be signed by the person specified in sub-rule (2) of rule 26 of CGST Rules, 2017.
4. Upon receipt of the appeal which fulfils all the requirements as provided in this notification, an acknowledgement, indicating the appeal number, shall be issued manually in FORM GST APL-02 by the Appellate Authority or an officer authorised by him in this behalf and the appeal shall be treated as filed only when the aforesaid acknowledgement is issued.
5. The Appellate Authority shall, along with its order, issue a summary of the order in the Form issued by the Department.

- **Notification No 30/2023 - Central Tax dated 31-07-2023**

In exercise of the powers conferred by section 148 of the Central Goods and Services Tax Act, 2017 (12 of 2017) (hereinafter referred to as the said Act), the Central Government, on the recommendations of the Council, hereby notifies the following special procedure to be followed by a registered person engaged in manufacturing of the goods, the description of which is specified in the corresponding entry in column (3) of the Schedule appended to this notification, and falling under the tariff item, sub-heading, heading or Chapter, as the case may be, as specified in the corresponding entry in column (2) of the said Schedule.

- Note : Due to voluminous content of the said notification, users are requested to view the same by using the below mentioned hyperlink.

<https://taxinformation.cbic.gov.in/content-page/explore-notification>

- **Notification No 31/2023 - Central Tax dated 31-07-2023**

In pursuance of the powers conferred by sub-rule (4B) of rule 8 of the Central Goods and Services Tax Rules, 2017, the Central Government, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India, the Ministry of Finance (Department of Revenue) No. 27/2022-Central Tax, dated the 26th December, 2022, namely,

In the said notification, after the words, "State of Gujarat", the words "and the State of Puducherry" shall be inserted.





- **Notification No 32/2023 – Central Tax dated 31-07-2023**

In exercise of the powers conferred by the first proviso to section 44 of the CGST Act, 2017 (12 of 2017), the Commissioner, on the recommendations of the Council, hereby exempts the registered person whose aggregate turnover in the financial year 2022-23 is up to two crore rupees, from filing annual return for the said financial year.

- **Notification No 33/2023 – Central Tax dated 31-07-2023**

In exercise of the powers conferred by section 158A of the Central Goods and Services Tax Act, 2017 (12 of 2017) and section 20 of the IGST Act, 2017 (13 of 2017), the Central Government, on the recommendations of the Council, hereby notifies “Account Aggregator” as the systems with which information may be shared by the common portal based on consent under Section 158A of the Central Goods and Services Tax Act, 2017 (12 of 2017).

This notification shall come into force with effect from the 1st day of October, 2023.

- **Notification No 34/2023 – Central Tax dated 31-07-2023**

In exercise of the powers conferred by sub-section (2) of section 23 of the CGST Act, 2017 (12 of 2017) (hereafter referred to as the said Act), the Central Government, on the recommendations of the Council, hereby specifies the persons making supplies of goods through an electronic commerce operator who is required to collect tax at source under section 52 of the said Act and having an aggregate turnover in the preceding financial year and in the current financial year not exceeding the amount of aggregate turnover above which a supplier is liable to be registered in the State or Union territory in accordance with the provisions of sub-section (1) of section 22 of the said Act, as the category of persons exempted from obtaining registration under the said Act, subject to the following conditions, namely:

- (i) such persons shall not make any inter-State supply of goods;
- (ii) such persons shall not make supply of goods through electronic commerce operator in more than one State or Union territory;
- (iii) such persons shall be required to have a Permanent Account Number issued under the Income Tax Act, 1961 (43 of 1961);
- (iv) such persons shall, before making any supply of goods through electronic commerce operator, declare on the common portal their Permanent Account Number issued under the Income Tax Act, 1961 (43 of 1961), address of their place of business and the State or Union territory in which such persons seek to make such supply, which shall be subjected to validation on the common portal;
- (v) such persons have been granted an enrolment number on the common portal on successful validation of the Permanent Account Number declared as per clause (iv);
- (vi) such persons shall not be granted more than one enrolment number in a State or Union territory;
- (vii) no supply of goods shall be made by such persons through electronic commerce operator unless such persons have been granted an enrolment number on the common portal; and
- (viii) where such persons are subsequently granted registration under section 25 of the said Act, the enrolment number shall cease to be valid from the effective date of registration.

This notification shall come into force with effect from the 1st day of October, 2023.



- **Notification No 35/2023 – Central Tax dated 31-07-2023**

In exercise of the powers conferred by section 5 of the CGST Act, 2017 (12 of 2017) and section 3 of the IGST Act, 2017 (13 of 2017), the Board, hereby appoint officers mentioned in column (5) of the Table below to act as the Authority to exercise the powers and discharge the duties conferred or imposed on officers mentioned in column (4) of the said Table in respect of notices mentioned in column (2) of the said Table for the purpose of adjudication of notices mentioned in column (3) of the said Table, namely:-

- Note : Due to voluminous content of the said notification, users are requested to view the same by using the below mentioned hyperlink.

<https://taxinformation.cbic.gov.in/content-page/explore-notification>

- ❖ **CIRCULARS FOR THE MONTH OF JULY 2023**

- **Circular No 192/04/2023 – GST dated 17-07-2023**

Clarification on charging of interest under section 50(3) of the CGST Act, 2017, in cases of wrong availment of IGST credit and reversal thereof.

- **Circular No 193/05/2023 – GST dated 17-07-2023**

Clarification to deal with difference in Input Tax Credit (ITC) availed in FORM GSTR-3B as compared to that detailed in FORM GSTR-2A for the period 01-04-2019 to 31-12-2021.

- **Circular No 194/06/2023 – GST dated 17-07-2023**

Clarification on TCS liability under Sec 52 of the CGST Act, 2017 in case of multiple E-commerce Operators in one transaction.

- **Circular No 195/07/2023 – GST dated 17-07-2023**

Clarification on availability of ITC in respect of warranty replacement of parts and repair services during warranty period.

- **Circular No 196/08/2023 – GST dated 17-07-2023**

Clarification on taxability of shares held in a subsidiary company by the holding company.

- **Circular No 197/09/2023 – GST dated 17-07-2023**

Clarification on refund related issues.

- **Circular No 198/10/2023 – GST dated 17-07-2023**

Clarification on issue pertaining to e-invoices.

- **Circular No 199/11/2023 – GST dated 17-07-2023**

Clarification regarding taxability of services provided by an office of an organisation in one State to the office of that organisation in another State, both being distinct persons.

Note: All the above circulars have been addressed to The Principal Chief Commissioners/ Chief Commissioners/ Principal Commissioners/Commissioners of Central Tax /The Principal Directors Generals/ Directors Generals.

Note: Due to voluminous content of the said notification, users are requested to view the same by using the below mentioned hyperlink.

<https://taxinformation.cbic.gov.in/content-page/explore-circulars>







## Operating Metrics for Startups: Is standardization required?

-CA. David Pinto

On the 4th of August 2023, Zomato released its results for the first quarter of FY 23. It was the first quarter in which the company posted a profit after tax of INR 2 Crore. However, when the company in their shareholder letter mentioned the headline results. The two figures by which they defined the performance of the Company were:

- a) Adjusted Revenue
- b) Adjusted EBITDA

In this piece, I will focus on EBITDA (Earnings Before Interest Tax Depreciation and Amortization) both standard and adjusted which is used by companies to present the performance their operations.

### ► Zomato provided an explanation in their investor results:

Non-GAAP measures used by us are defined below:

- Adjusted EBITDA = EBITDA (+) share-based payment expense (-) rental paid for the period pertaining to 'Ind AS 116 leases'
- EBITDA = Profit/loss as per financials excluding (i) tax expense (ii) other income (iii) depreciation and amortization expense (iv) finance cost and (v) exceptional items
- We compare this to those of other companies.

### ► Nykaa (FSN E-commerce Ventures Limited)

- EBITDA is a non-GAAP financial measure. EBITDA refers to our profit/(loss) before Tax for the period, as adjusted to exclude (i) Other Income, (ii) Depreciation and Amortization Expenses, (iii) Finance Costs. EBITDA Margin refers to the percentage margin derived by dividing EBITDA by Revenue from Operations

### ► Oyo (Oravel Stays Limited)

- EBITDA represents our net loss, before depreciation and amortization expense, provision or benefit for income taxes, share based compensation expense, finance cost, other income, gain or loss from discontinued operations, exceptional items and share of profit/(loss) of associates/joint ventures.
- Adjusted EBITDA is a non-GAAP financial measure that represents EBITDA after giving effect to adjustments to exclude the impact of the application of the new Ind AS 116 accounting standards on leases and transformation expenses.

### ► Idea forge (Idea forge Technology Limited)

- Adjusted EBITDA is calculated as EBITDA plus share-based payments to employees
- EBITDA Calculated as restated profit / (loss) for the period / year, plus finance cost, total taxes, and depreciation and amortization expense.

### ► BoAt (Imagine Marketing Limited)

Adjusted EBITDA is calculated as EBITDA plus share-based payment expense EBITDA is calculated as restated profit for the period / year plus total tax expenses, depreciation and amortisation expense and finance costs



- **Policy Bazaar (PB Fintech Limited)**

EBITDA: Restated loss for the year, adjusted to exclude (i) other income; (ii) depreciation and amortisation expenses; (iii) finance costs; and (iv) tax expense.

Adjusted EBITDA is a Non-GAAP financial measure. We define Adjusted EBITDA as our restated loss for the year, before income tax expense, finance cost, depreciation and amortisation expense, other income and share based +payment expense.

These are some extracts of the most prominent startups that have listed on the stock exchanges or filed Draft Red Herring Prospectuses with the Securities Exchange Board of India.

Majority of them have a standardized measure in the calculation of EBITDA.

### **Should Other Income be part of EBITDA?**

A significant variation which is recognized across industries in the calculation of EBITDA is other Income.

The inclusion or exclusion of such is a question ranging across businesses.

In the example of the DRHP of Idea forge they give two calculations for EBITDA, one for majority of their disclosures which include other income, and a second when used in comparison to other organizations in their industry. This excludes Other Income.

The conceptual argument as to whether Other Income is to be included for the purpose of calculation of EBITDA is whether such Income is to be considered as part of the operating activities of the company.

Income on Investments, Interest received would not be considered in Cash Flow from Operations in a Cash Flow Statement. Being considered in Cash Flow from Investing Activities.

Based on treating it in a parallel thought to the cash flow statement other income should not be considered for the purposes of coming up with the EBITDA value.

However, another school of thought in this avenue would be the consideration that many larger and most publicly listed companies will have their finance departments performing regular treasury activities through short term investments.

These treasury activities are to provide income to the company on their surplus liquid funds and happen in the normal course of business. In that case should it not be considered for the purpose of EBITDA?

While the second example does provide an argument, this would then not be in line with companies who take credit for the purpose of working capital and then add back the interest cost for EBITDA. Making the argument of excluding other income stronger.



**Finance Cost and Depreciation recognized due to Ind AS 116 and the corresponding rent.** Post the adoption of Ind AS 116 (Leases), with the creation of notional Right of Use Assets and Lease Liabilities for assets taken on rent (long term leases) A company will record interest and depreciation in their books of accounts.

Prior to this, for the purpose of calculation of EBITDA, the rentals paid on operating leases under Ind AS 17 would not be added back. While due to the nature of classification in the new accounting regime the entire nature of this expense is not considered as an operating expense.

It would be pertinent to note that the payment of lease liabilities (rental payments) which have been recognized under Ind AS 116 are treated as Financing Activities in the Cash Flow Statement.

However, in companies such as Zomato and Oyo, this rent is deducted in calculating adjusted EBITDA.

### **How are shared based payments to be treated?**

A very common action in calculating Adjusted EBITDA is adding back share-based payments.

The rationale behind this is that these are either non-recurring expenses primarily given to early-stage employees or non-cash ones and hence, should be excluded.

This has been widely disputed by many prominent investors such as Warren Buffet and Ashwath Damodaran who state that as a compensation to employees it should be considered as an operating expense.

Exclusion of this also ignores two important factors, that the investors will face dilution once this share-based compensation are exercised or become shares and that these are taken as tax-deductible revenue expenses in computation of income tax and at the time of filing returns.

In the case of Oyo, share based compensation is added back while calculating EBITDA, not adjusted EBITDA, an uncommon practice. This has been disclosed but makes this practice divergent from the other startups.

### **What are the other issues noted while studying EBITDA calculations across companies?**

Many technology development startups capitalize their research and development expenditure as intangible assets and intangible assets under development.

These as assets are amortised over a period. While the nature of these expenditures are long term. They pertain to the operations of the company, and assist the company heavily in the generation of revenue.

Since EBITDA excludes amortization, this causes the valuation and profitability of startups to be inflated as long as these expenses continue to be capitalized.



## Conclusion:

Senior accountants have asked FASB (Financial Accounting Standards Board) of the USA to consider finding a standard method of calculating EBITDA. While all accounting leaders have said that changes may require to be made this would provide a starting point. Last year, FASB Chair Richard Jones added a project to the board's research agenda to consider the interaction with standardizing key performance indicators (KPIs) within the current regulatory framework reported Reuters. As India develops on par with the west technology wise and with the amount of funding that India will receive over the next decade. Standardization of operating metrics like EBITDA will be a help to investors as a major portion of these startups join the public markets.



## Activity Report July 2023

Sr. No.	Date	Programme	Speakers	CPE Hrs.
1	01.07.2023	Goa Branch of WIRC of ICAI & WICASA Goa Celebrated 75 <sup>th</sup> CA Day Chief Guest	Dr. Rajesh Javherani, a well-known Diabetologist and Intensive Critical Care Expert	Nil
2	01.07.2023	Goa Branch of WIRC of ICAI organised 49 <sup>th</sup> Annual General Meeting of Goa Branch		Nil
3	04.07.2023	Goa Branch of WIRC of ICAI & WICASA Goa Celebrated Golden Jubilee - 50th Year of Goa Branch Establishment day		Nil
4	05.07.2023 to 22.7.2023	Goa Branch of WICASA organised Orientation Course for the CA Students		Nil
5	09.07.2023	Goa Branch of WIRC of ICAI & WICASA Goa organised Annual Futsal Tournament		Nil
6	13.07.2023	Signing of MOU between Department of State Taxes, Goa & Government of Goa by Hon'ble Pramod Sawant, Chief Minister of Goa and CA. Aniket Talati, President of ICAI, CA. Ranjeet Kumar Agarwal, Vice President of ICAI, CA. Sushil Kumar Goyal, Chairman, GST & Indirect Taxes Committee, CA. Mangesh Kinare, CCM, CA. Durgesh Kumar Kabra, CCM, CA. (Dr.) Jai Kumar batra, Secretary, ICAI		Nil
7	13.07.2023	President of ICAI, Vice President of ICAI, Secretary of ICAI & other Central Council Members had Interactive Meeting with the Students		Nil
8	13 & 14.7.2023	Direct Taxes Committee of ICAI organised "Tax Clinic" hosted by Goa Branch of WIRC of ICAI		Nil
9	15.7.2023	Goa Branch of WICASA organised 3rd Annual General Meeting of WICASA Goa		Nil
10	15.7.2023	Goa Branch of WIRC of ICAI & WICASA Goa organised 1 day Seminar for CA Students on Basics of GST, Soft Skills and Fireside chat with Ranker	CA. Anis Sayani  CA. Om Kerkar	Nil



Sr. No.	Date	Programme	Speakers	CPE Hrs.
11	15.7.2023	Goa Branch of WIRC of ICAI & WICASA Goa organised Career Counselling Programme at M.E.S. Vasant Joshi College of Arts & Commerce, Zuarinagar, Goa	CA. Sneha Menon	Nil
12	15.7.2023	Goa Branch of WIRC of ICAI & WICASA Goa organised Career Counselling Programme at VVM's Shree Damodar College of Commerce & Economics, Margao, Goa	CA. Dhanashree Prabhu Khanolkar	Nil
13	28.7.2023	Goa Branch of WIRC of ICAI & WICASA Goa organised Career Counselling Programme at Deepvihar Higher Secondary School, Headland Sada, Mormugaon, Vasco Da Gama, Goa	CA. Kavita Bhosale	Nil
14	31.7.2023	Felicitation of Income Tax officials Smt. Shyama S. Bansia, IRS, Pr. CCIT, Mr. Manoj Joshi, IRS, CCIT, Mr. V. S. Chakrapani, IRS, CIT ( A), in the august presence o f Smt. Chaitali Panmei, Pr. CCIT, Goa organised by Income Tax Department, Panaji attended by CA Thomas Andrade, Chairperson of Goa Branch and all other Managing Committee Members		Nil





## Celebrated 75th CA Day held on 17.2023





**Celebrated Golden Jubilee - 50th year of Goa Branch of WIRC of ICAI  
Establishment day held on 4.7.2023**





Annual Futsal Tournament held on 9.7.2023



MOU Signing between ICAI and State GST Department of Goa held on 13.7.2023





**President of ICAI, Vice President of ICAI, Secretary of ICAI &  
other Central Council Members had Interactive Meeting  
with the Students held on 13.7.2023**





## Tax Clinic” organized by The Direct Taxes Committee of ICAI held on 13-14.7.2023



## 1 day Seminar for CA Students on Basics of GST, Soft Skills and Fireside chat with Ranker held on 15.7.2023





## Career Counselling Programme at M.E.S. Vasant Joshi College of Arts & Commerce, Zuarinagar, Goa





## Career Counselling Programme at VVM's Shree Damodar College of Commerce & Economics, Margao, Goa





**Career Counselling Programme at Deepvihar Higher Secondary School,  
Headland Sada, Mormugaon, Vasco Da Gama, Goa held on 28.7.2023**





## Felicitation of Income Tax officials held on 31.7.2023







# Birthday Wishes



**YOGISHA  
KAMATH  
01-JUL**



**NITIN NHANU  
MAHALE  
03-JUL**



**DESHPANDE  
PURVA SHRINIWAS  
03-JUL**



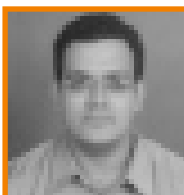
**BHAT SUDARSHAN  
RAJENDRA SAVALO  
03-JUL**



**USGAONKAR  
SHAILESH G.  
03-JUL**



**SHANKAR DEVADATTA  
KURTAKOTI  
04-JUL**



**PANKAJ R.  
PAI KAKODE  
04-JUL**



**SHIVANAD  
MAHADEV PAL  
04-JUL**



**BHOBE VINDA  
RAMNATH  
07-JUL**



**JAYPRAKASH  
GOPAL LAD  
07-JUL**



**SADEKAR  
PANDURANG VAMAN  
08-JUL**



**LILESH SHITAL  
PRABHU NASNODKAR  
08-JUL**



**SAMEER  
SADANAND PAWSE  
09-JUL**



**ATRINANDAN  
KRISHNANATH PAI ANGLE  
09-JUL**



**BALARAMAN  
K.  
12-JUL**



**AISHWARYA  
G. TALAULIKAR  
13-JUL**



**SEEMA  
S. MANDREKAR  
15-JUL**



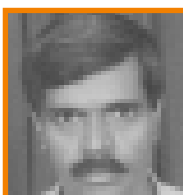
**PRASHANT R.  
KAREKAR  
17-JUL**



**NAGARAJ  
RAMA KALE  
19-JUL**



**AJIT KESHAV  
MAHABAL  
20-JUL**



**ARAVANDEKAR  
DATTATRAY P.  
20-JUL**



**KHARANGATE  
ABHAY NARAHARI  
20-JUL**



**SHANKAR  
NARAYAN  
21-JUL**



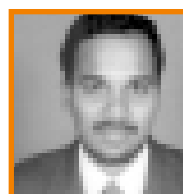
**AUDHUT  
GUNBA DALVI  
21-JUL**



**ASAVARI VIRANG  
SHAH  
26-JUL**



**KAMAT GOVIND  
KRISHNA  
27-JUL**



**DEEPAK DAS  
NEVES PEREIRA  
29-JUL**



**SARIPALLE  
VENKATA RAMAN  
29-JUL**





## August Birthdays

Fadte Abhay Madhukar	01-Aug
Swatee Charudatta Shere Rane	01-Aug
Darshan Vishnu Rau Valauliker	01-Aug
Srinivass Vassant Naik Gaunekar	02-Aug
Kamat Jyotendra Balaji	03-Aug
Jiten Kumar Paty	04-Aug
Naik Prasad Chandrakant	05-Aug
Neville Jose Gomes	07-Aug
Kapil Mehta	07-Aug
Asha Shreepati Hegde	08-Aug
Adhia Arunkumar Vrajlal	08-Aug
Vaman Vassudeo Naik Raiker	10-Aug
Murthy N T	10-Aug
Mishra Satyadev K	10-Aug
Bhat Shridhar Prabhakar	13-Aug
Pai Suvarna Deepak	14-Aug
Chauhan Prabhu Narayan Singh	15-Aug
Ramani Chandranath Yeshwant	19-Aug
Vernekar Kiran Vishnu	22-Aug
Kenkre Santosh Ravindranath	20-Aug
Saiprabha Suresh Kamath	20-Aug
H Ganesh Adiga	21-Aug
Jayant Pandurang Volvoiker	22-Aug
Shridhar Alias Yatish Govind Pai Vernekar	23-Aug
P Ramachandra Hegde	23-Aug
Partha Dattatraya Talekar	24-Aug
Joshi Subhash Bhalchandra	24-Aug
Raikar Manoj Ganpatrao	25-Aug
Amina Nasir Shaikh	26-Aug
Milind Ramchandra Kulkarni	28-Aug
Harihar Vaikunth Nayak	29-Aug
Bhobe Rajendra Laxmikant	31-Aug

It is our sincere attempt to be part of & wish you on your special day. We are in the process of updating our data. If we miss anyone or any wrong data is noticed, please call Ranjita @ 0832 2438516 so that we can update our records.



## Editorial Board



Direct Taxes and Company Law : CA. Rohan Bhandare

Indirect Taxes : CA. Aishwarya G. Talaulikar

Information Technology: CA. Prasheel G. Kamat

Chief Editor: CA. Gaurav Kenkre

Co-Editor : CA. Sneha Menon

***Want to contribute to newsletter?***

*Please send your article whether technical or otherwise to*

***[jagruti@goa-icai.org](mailto:jagruti@goa-icai.org)***

*with your photo & brief profile.*

