



**CERTIFICATE FOR NOTE ON TAXATION**

Date: 15/09/2023

To,

**The Board of Directors**  
**BSE Limited**  
25<sup>th</sup> Floor, P J Towers,  
Dalal Street, Mumbai - 400 001  
Maharashtra, India

**Nuvama Wealth Management Limited**  
801 - 804, Wing A, Building No 3,  
Inspire BKC, G Block, Bandra Kurla Complex,  
Bandra East, Mumbai - 400 051  
Maharashtra, India

(hereinafter referred to as the “**Manager to the Buyback**”)

Dear Sir/ Madam,

**Sub: Buyback of equity shares of face value of INR 2/- each (“Equity Shares”) by BSE Limited (the “Company”); and the buyback, the “Buyback”).**

1. We have been informed by the management of the Company that the board of directors of the Company, pursuant to their meeting held on July 6, 2023, has decided to undertake the Buyback through the tender offer route, in terms of the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, as amended (“**SEBI Buyback Regulations**”) and the Companies Act, 2013 and the rules made thereunder, each as amended (“**Companies Act**”).
2. We hereby enclose as **Annexure I**, a note on taxation based on the Income Tax Act, 1961.
3. We hereby consent to the inclusion of references to us as an independent chartered account in the letter of offer or in any other documents in connection with the Buyback.
4. The following information in relation to us may be disclosed in the letter of offer or in any other documents in connection with the Buyback:  
  
Name: Mittal Agarwal & Company, Chartered Accountants  
Address: 404, Madhu Industrial Estate, Mogra Cross Road, Near Apollo Chamber, Andheri (East),  
Mumbai - 400 069  
Tel.: +91 99205 95795  
Peer review number: 14276  
Peer review certificate valid up to: 30th April, 2025  
Firm Registration Number: 131025W  
Email: [arpitbansal@mittalagarwal.com](mailto:arpitbansal@mittalagarwal.com)
5. We hereby consent to the extracts of this certificate, in full or part (without disturbing the essence of information), being used in the letter of offer of the Company, or in any other documents in connection with the Buyback. We also provide our consent for the reference to this certificate in

Regd. Office: 404, Madhu Industrial Park, Mogra Cross Road, Near Apollo Chambers, Andheri (E), Mumbai - 400 069; Ph – 022 2832 4532, 4973 0586 ; Email – [office@mittalagarwal.com](mailto:office@mittalagarwal.com)





**MITTAL AGARWAL & COMPANY**  
CHARTERED ACCOUNTANTS

the due diligence certificate to be filed with Securities and Exchange Board of India by the Manager to the Buyback in relation to the Buyback.

6. This certificate can be relied on by the Manager to the Buyback and the legal counsel in relation to the Buyback.

Yours faithfully,

For **Mittal Agarwal & Company**  
Chartered Accountants  
(Registration No. 131025W)

**Arpit Bansal**  
Partner  
Membership No. 163649  
Place: Mumbai  
UDIN: 23163649BGWNWL7036



Encl: As above

CC:

**IndusLaw**  
2<sup>nd</sup> Floor, Block D, The MIRA  
Mathura Road, Ishwar Nagar  
New Delhi 110 065, India



**Annexure I**

**NOTE ON TAXATION**

The summary of the tax considerations in this section are based on the current provisions of the tax laws of India and the regulations thereunder, the judicial and the administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such changes could have different tax implications.

In view of the particularised nature of tax consequences of a buyback transaction, eligible shareholders are required to consult their tax advisors for the applicable tax provisions including the treatment that may be given by their respective tax officers in their case, and the appropriate course of action that they should take.

The company does not accept any responsibility for the accuracy or otherwise of this tax summary and there can be no liability on the company if any action is taken by the shareholder solely based on this tax summary.

Therefore, shareholders cannot rely on this advice and the summary of tax implications relating to the treatment of income tax in the case of buy-back of equity shares listed on the stock exchange set out below should be treated as indicative and for guidance purposes only.

**1. GENERAL**

The Indian tax year runs from 1st April to 31st March. The basis of charge of Indian income-tax depends upon the residential status of the taxpayer during a tax year. A person who is a tax resident of India is liable to taxation in India on his worldwide income, subject to certain prescribed tax exemptions, which are provided under the Income Tax Act, 1961 (the 'Income Tax Act' or 'ITA').

A person who is treated as a non-resident for Indian tax purposes is generally liable to tax in India only on such person's Indian sourced income or income received by such person in India. In case of shares of a company, the source of income from shares would depend on the 'situs' of such shares. As per judicial precedents, generally the "situs" of the shares is where company is "incorporated" and where its shares can be transferred. Accordingly, since the Company is incorporated in India, the shares of the Company would be "situated" in India and any gains arising to a non-resident on transfer of such shares should be taxable in India under the ITA subject to any specific exemption in this regard. Further, the non-resident can avail the beneficial tax treatment prescribed under the relevant Double Taxation Avoidance Agreement ("DTAA") between India and the respective jurisdiction of the shareholder subject to satisfaction of the relevant conditions and documentary compliance requirements prescribed under the ITA.

The ITA also provides for different tax regimes / rates applicable to the gains arising on buy-back of shares, based on the period of holding, residential status and category of the shareholder, nature of the income earned, etc. The summary of direct tax implications on buy-back of equity shares listed on the stock exchanges in India is set out below.

All references to equity shares in this note refer to equity shares listed on the stock exchanges in India unless stated otherwise. The residential status of an assessee would be determined in terms of Section 6 of the ITA.





## 2. CLASSIFICATION OF SHAREHOLDERS

Section 6 of the IT Act, determines the residential status of an assessee. Accordingly, shareholders can be classified under the following categories:

### A) Resident Shareholders being:

- Individuals, Hindu Undivided Family (HUF), Association of Persons (AOP) and Body of Individuals (BOI), Firm, LLP
- Others (corporate bodies):
  - Indian Company
  - Other than Company

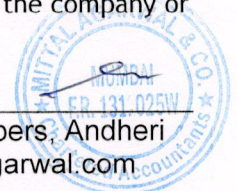
B) **Deemed Resident Shareholder:** an individual being a citizen of India who is not liable to tax in any other country or territory by reason of domicile, residence or any other criteria of similar nature and has total income other than foreign sourced income exceeding Rs. 15 lakhs during the tax year.

### C) Non-Resident Shareholders being:

- Non-Resident Indians (NRIs)
- Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)
- Others:
  - Company
  - Other than Company

## 3. Income tax provisions in respect of buyback of equity shares listed on the recognized stock exchange

- a. Section 115QA of the ITA, introduced with effect from June 1, 2013, contains provisions for taxation of a domestic company in respect of buy-back of shares. The Section provides for the levy of additional income tax at the rate of twenty per cent (as increased by surcharge and Health and Education cess, as applicable) of the distributed income on account of buyback of shares of all domestic Indian companies including listed companies (in respect of which public announcement for the buy-back has been made after the 5th day of July, 2019 in accordance with the provisions of the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992 w.e.f. July 6, 2019)), i.e., companies whose shares are listed on a recognized stock exchange.
- b. The tax is chargeable on distributed income which is defined under section 115QA to mean the consideration paid by the company on buyback of shares as reduced by the amount which was received by the company for issue of such shares (determined in the manner as prescribed in rule 40BB of the Income-tax Rules, 1962). Such tax on distributed income is to be discharged by the company as per the procedure laid down in section 115QA read with any applicable rules framed thereunder. Buyback Tax does not form part of the Buyback Size and will be appropriated out of free reserves of the company.
- c. The tax on the distributed income by the company shall be treated as the final payment of tax in respect of the said income and no further credit thereof is allowable to the company or to any other person in respect of the amount of tax so paid.





- d. No deduction under any other provision of the Income Tax Act shall be allowed to the company or a shareholder in respect of the income which has been charged to tax on the distributed income under section 115QA or the tax thereon.
- e. As additional income-tax has been levied on the company under Section 115QA of the Income Tax Act, the consequential income arising in the hands of shareholders has been exempted from tax under section 10(34A) of the Income Tax Act. Accordingly, any income arising in the hands of shareholder (whether resident or non-resident) on account of buyback of shares shall be exempt from any subsequent tax in India irrespective of the characterisation of the shares, i.e. whether long term or short term or held as investment or stock-in-trade. (In case of Non Resident Shareholders, the same may be subject to tax in the country of residence of the shareholder as per the provisions of the tax laws of that country. The credit of tax may or may not be allowed to such non-resident shareholder to be claimed in the country of residence in respect of the buy-back tax paid by the company in view of Section 115QA (4) and (5) of the ITA. Non-resident shareholders need to consult their tax advisors with regard to availability of such tax credit.)

#### **4. TAX DEDUCTION AT SOURCE**

##### **A. In case of Resident Shareholders**

In absence of any specific provision under the Income Tax Act, the Company is not required to deduct tax at source on the consideration payable to resident shareholders/ deemed resident shareholders pursuant to the said Buy-back.

##### **B. In case of Non-resident Shareholders**

Further, given that the consequential income arising on account of the Buyback of shares would be exempt from tax in the hands of shareholders under Section 10(34A) of the ITA, the same would not be subject to tax deduction at source for Non-Resident Shareholders.

#### **5. RATE OF SURCHARGE AND CESS**

In addition to the basic Tax rate, the applicable Surcharge and Health and Education Cess leviable on a Buyback transaction in all circumstances would be 12% and 4% respectively.

#### **6. SECURITIES TRANSACTION TAX**

Since the buyback of shares shall take place through the settlement mechanism of the Stock Exchange, Securities Transaction Tax at 0.1% of the value of the transaction will be applicable.

The above note on taxation sets out the provisions of law in a summary manner only and is not a complete/exhaustive analysis or listing of all potential tax consequences of the disposal of equity shares under the Buy-back. This note is neither binding on any regulators nor can there be any assurance that they will not take a position contrary to the comments mentioned herein. Hence, Eligible Shareholders should consult with their own tax advisors for the tax provisions applicable to their particular circumstances.

The summary of the tax considerations as above is based on the current provisions of the tax laws of India, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Regd. Office: 404, Madhu Industrial Park, Mogra Cross Road, Near Apollo Chambers, Andheri (E), Mumbai - 400 069; Ph – 022 2832 4532, 4973 0586 ; Email – office@mittalagarwal.com





**MITTAL AGARWAL & COMPANY**  
CHARTERED ACCOUNTANTS

---

In view of the specific nature of tax consequences, shareholders who are not tax residents of India are required to consult their tax advisors for the applicable tax and the appropriate course of action that they should take considering the provisions of the relevant Country or State tax law and provisions of DTAA where applicable.

