



To

The Board of Directors  
Motilal Oswal Financial Services Limited  
Motilal Oswal Tower, Rahimtullah Sayani  
Opposite Parel ST Depot,  
Prabhadevi, Mumbai-400025

Dear Sir/Madam

**Sub: - Certificate on note on taxation for Buyback of Shares of the Company****NOTE ON TAXATION FOR BUY BACK OF SHARES****1. GENERAL:**

The Indian tax year runs from April 1 to March 31. The 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 provided under the Income Tax Act 1961 ("ITA"). A person who is treated as a non-resident for Indian tax purposes is generally liable to tax in India only on his/ her Indian sourced income or income received by such person in India. Vide Finance Act, 2020, certain non-resident individuals are deemed to be resident in India upon triggering of certain conditions. Deemed residents would be liable to pay tax in India only on their Indian sourced income or income from business or profession controlled in India. In case of shares of a Company, the source of income from shares would depend on the 'situs' of the 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 "situs" of the shares of the Company would be 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 Tax Avoidance Agreement ("DTAA") as modified by the Multilateral Instrument ("MLI"), if the same is applicable to the relevant DTAA between India and the respective country of which the said non-resident shareholder is tax resident subject to satisfaction of the relevant conditions including non-applicability of General Anti-Avoidance Rule ("GAAR") and providing and maintaining necessary information and documents as prescribed under the ITA as well as satisfying the relevant conditions under the respective DTAA including anti-abuse measures under the MLI, if applicable. The summary of direct tax implications on buyback of equity shares listed on the stock exchanges in India is set out below. All references to equity shares in this memorandum 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 ITA, determines the residential status of an assessee. Accordingly, shareholders can be classified broadly in categories as mentioned below:

**A. Resident Shareholders being:**

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



