

FOMENTO RESORTS AND HOTELS LIMITED

Corporate Identification Number (CIN) - U55101GA1971PLC000113
Registered Office: Unit: Cidade de Goa, Vainguinim Beach, Goa, 403004.
Email: shareholders@frhl.in; Website: www.frhl.in.
Tel.: 0832-2454545; Fax: +0832-2454540/ 2454541/ 42



To, _____ Date : _____
Name of the Shareholder : _____ Sr. No. : _____
Address of the Shareholder : _____ Folio No. : _____
Shares : _____

Communication on consideration to be paid upon Reduction of Equity Share Capital of Fomento Resorts and Hotels Limited

Dear Shareholder,

We hope that you and your family are doing well and are healthy.

This letter is in continuation to the previous communications in relation to the reduction of equity share capital of Fomento Resorts and Hotels Limited (hereinafter referred to as 'FRHL' or the 'Company'). As you are aware that the Company had filed a petition on Tuesday, June 28, 2022, before the National Company Law Tribunal, Mumbai bench ('NCLT') under Section 66 of the Companies Act, 2013 (hereinafter referred to as the 'CA 2013') read with National Company Law Tribunal (Procedure for Reduction of the share capital of the Company) Rules, 2016.

In this regard, we would like to inform you that the NCLT, Mumbai Bench, has allowed the reduction of the equity share capital of the Company vide its order dated Friday, January 20, 2023.

In view of the same, the Board of Directors of the Company have determined Wednesday, February 15, 2023, to be the Record Date for determining the Non-Promoter Shareholders eligible for the purpose of receiving consideration of INR 166/- (Indian Rupees One Hundred and Sixty Six only) per equity share on the reduction of the equity share capital of the Company.

As per the provisions of the Income Tax Act, 1961 (hereinafter referred to as the ('IT Act'), consideration to be discharged on reduction of equity share capital is chargeable to tax as dividends to the extent of accumulated profits in the Company in accordance with the provisions of section 2(22)(d) of the IT Act. In the absence of accumulated profits in the Company, the consideration discharged on reduction of equity share capital is chargeable as capital gains under Section 45 of the IT Act or as business profits under Section 28 of the IT Act.

In the instant facts, the Company does not have accumulated profits on the date and also not likely to have accumulated profits when the reduction of equity share capital will be made effective i.e., on the date where the certificate u/s 66(5) of the CA 2013 will be received from the Registrar of Companies, Goa and accordingly, the consideration to be discharged to the Non-Promoter Shareholder will be chargeable to tax as capital gains/ business profits depending on the manner in which the investment is held.

In this backdrop, the Company shall undertake appropriate deduction of tax at source ('TDS'), as required in compliance with the relevant provisions of the IT Act read with the Income Tax Rules, 1962, at the time of payment or credit (whichever is earlier) of the consideration to the Non-Promoter Shareholders. For the computation of the amount of TDS, all the Non-Promoter Shareholders would either be classified as resident or non-resident which is to be determined on the basis of criteria laid down in Section 6 of IT Act. If required, the Company reserves the right to apply a different tax rate for the purpose of TDS as per the applicable laws.

1. Tax deduction in case of Resident Non-Promoter Shareholders:

Particulars	Provisions
Valid Permanent Account Number ('PAN') updated in the Company's Register of Members	The Company will deduct tax at the rate of 0.1% of the consideration paid to the resident Non-Promoter Shareholders in terms of the section 194Q of the IT Act. However, no tax will be deducted if the total consideration paid / payable by the Company during financial year ('FY') 2022-23 does not exceed INR 50,00,000/- (Indian Rupees Fifty Lakhs only).

Particulars	Provisions
Without PAN/ Invalid PAN/ PAN doesn't belong to the shareholder	The Company will deduct tax at the rate of 5% of the consideration paid to such resident shareholders in accordance with provisions of Section 206AA of the IT Act. In respect of the TDS mentioned in the paragraph above, the resident Non-Promoter Shareholders are required to submit their PAN copy

Further, if the following conditions are satisfied in terms of Section 206AB of the IT Act, the Company will deduct tax at the rate of 5% of the consideration paid/payable:

- a) Resident Non-Promoter Shareholder has not filed the income tax return for the previous year immediately prior to the FY in which tax is required to be deducted, for which the time limit of filing of return of income under Section 139(1) of the IT Act has expired; and
- b) The aggregate of TDS and Tax Collection at Source is INR 50,000 (Indian Rupees Fifty Thousand only) or more in the said previous year.

In this regard, the Company will use the online utility provided by Central Board of Direct Taxes "Compliance Check for Sections 206AB and 206CCA" of the IT Act.

2. In case of non-resident shareholders, including Non-resident Indians ('NRIs'):

Particulars	Provisions
Deductibility of Withholding tax as per the provisions of IT Act	As per the provisions of the section 195 of the IT Act, the Company is required to deduct tax at the rates in force on any income, which is chargeable to tax for the non-resident payee, at the time of payment or credit of such income, whichever is earlier. Further, as per the provisions of the section 2(37A) of the IT Act, for the purposes of withholding tax under section 195, the rates of TDS would be as per the applicable Finance Act or the rate or rates of income-tax specified in the Double Tax Avoidance Agreement ('DTAA') entered into by the Central Government under section 90 of the IT Act, or an agreement notified by the Central Government under section 90A of the IT Act, as the case may be.
Submitting Order u/s 197 of the IT Act for deduction of tax at lower or NIL rate of tax	In case the non-resident Non-Promoter Shareholder requires the Company to deduct the tax at a lower or NIL rate of tax, they would need to obtain the appropriate certificate for deduction of tax at lower rates or non-deduction of tax from the income-tax authorities and submit the same to the Company along with the completed checklist in Annexure A. In absence of the said certificate, the Company shall have to deduct tax at applicable rate of TDS (including applicable surcharge and education cess) for the non-resident Non-Promoter Shareholder, based on the documents submitted.
Lower rate prescribed under the tax treaty which applies to the non-resident shareholder	Where the non-resident Non-Promoter Shareholder is tax resident of a country which has entered into a DTAA with India, it may be possible for such shareholder to avail the beneficial provisions, if any, under the DTAA. If such an option is availed, a tax residency certificate ('TRC') obtained from the tax authorities of the country of which the shareholder is the tax resident covering the period in which consideration is paid by the Company, duly filled and signed Form 10F and self-declaration for no permanent establishment/ place of effective management, along with all the other prescribed information, should be submitted by the non-resident shareholder as per the checklist in Annexure A . In absence of the aforementioned documents, the Company shall be required to deduct TDS in accordance with the above paragraphs.

Particulars	Provisions
Without PAN/ Invalid PAN/ PAN doesn't belong to the shareholder/ non-submission of requested documents	<p>All the non-resident shareholders are required to submit their PAN for tax deduction purposes. Where the PAN is not available, the non-resident Non-Promoter Shareholder would be required to submit a TRC obtained from the tax authorities of the country of which the shareholder is the tax resident along with a Tax Identification Number (or a unique number) on the basis of which the non-resident shareholder is identified by the government of the country of which he claims to be a resident, and such other prescribed information.</p> <p>Where the PAN is submitted and is invalid or does not belong to the non-resident shareholder or where the above-mentioned documents are not submitted by the non-resident Non-Promoter Shareholder, the Company will deduct tax at the rate of 20% or at the rate in force or at the rate specified in the relevant provisions of the IT Act, whichever is higher, in accordance with provisions of Section 206AA of the IT Act.</p>
Deduction of taxes for investments made by Non-resident Indians	<p>In case of an NRI, where it is claimed that he is governed by the provisions of Chapter XII-A of the IT Act, he should submit the relevant information as requested in the TDS Checklist enclosed as Annexure A, along with documents in support thereof and to the satisfaction of the Company. In case the information and documents are not submitted, or the Company is not satisfied regarding the same, then the rate of tax would be the same as applicable to any other non-resident shareholder. However, at the stage of remittance of consideration, the benefit of section 115F from a TDS perspective would not be granted. The same would only be granted where the NRI furnishes a lower or NIL withholding tax certificate issued by Indian tax authorities under Section 197 of the IT Act.</p>

The Company shall deduct the applicable tax basis the information/ documents provided by the non-resident Non-Promoter Shareholder in the checklist enclosed in the Annexure A. In case of any ambiguity, incomplete or conflicting information or information not being provided to the Company by the non-resident Non-Promoter Shareholder, the Company reserves the right to deduct tax basis the maximum rate prescribed for such category of shareholder.

3. Other aspects

If for any reasons, the income-tax department raises a liability in relation to the tax deducted by the Company and seeks to recover any tax (which is the tax liability of the Non-Promoter Shareholder) from the Company, the Non-Promoter Shareholder agrees to indemnify the Company for the same.

In case tax is deducted at a higher rate, an option is still available with the Non-Promoter Shareholder to file the return of income and claim an appropriate refund where the valid PAN has been submitted to the Company (i.e., is registered with the Registrar and Share Transfer Agent ('RTA') (for shares held in physical form) and the Depository Participants ('DPs'). Such shareholders will also be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at <https://www.incometax.gov.in/iec/foportal/>. No claim shall lie against the Company for any taxes deducted by the Company.

Non-Promoter Shareholders may consult their tax advisors for understanding the impact of applicable tax provisions and the appropriate course of action that they should take. The Company does not accept any responsibility for any tax position adopted by any Non-Promoter Shareholder or any tax compliance obligation arising in the hands of the Non-Promoter Shareholder. This communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of payment on capital reduction.

4. Payment to Non-Resident Shareholders:

- a. To the extent the consideration is payable to any Non-Resident/ NRI shareholders on the capital reduction, the transaction would be subject to, applicable laws, including with the provisions of the Foreign Exchange Management Act, 1999 and the regulations there under. The Company may seek requisite information from such non-resident shareholders to comply with the said provisions.
- b. Such Non-resident/ NRI shareholders, must obtain all approvals as may be required to tender the Equity Shares held by them in this capital reduction process (including without limitation the approval from the Reserve Bank of

India ('RBI'). It is the obligation of such non-resident shareholders, to obtain such approvals (if required) and submit such approvals along with the Form of Acceptance.

- c. The Company will have the right to make payment to such non-resident Non-Promoter Shareholders in respect of whom no prior RBI approval is required. Further, the Company will not accept any documents/ checklist submitted in **Annexure A** submitted by such non-resident Non-Promoter Shareholders in the absence of copy of valid RBI approval, if applicable.

Email for forwarding the documents:

The documents along with checklist in **Annexure A**, if applicable are required to be sent to tds@bigshareonline.com on or before Wednesday, February 22, 2023, to enable the Company to determine the appropriate TDS rates. Communication on the tax deduction received post Wednesday, February 22, 2023 shall not be considered for payment of the final consideration. It is advisable to email the documents at the earliest to enable the Company to collate the documents to determine the appropriate TDS rates. Further, the documents required for deduction of appropriate taxes may not be exhaustive and the shareholders should evaluate on their own about the category for which they should furnish the documents. In absence of all the relevant documents, the Company shall determine TDS rate based on information available with the RTA (for shares held in physical form) and the DPs (for shares held in dematerialized form).

Members should note that any document/form not mailed on the aforementioned email id will not be considered for the purpose of processing and shall be rejected. Members who have mailed the documents on the email id of the RTA should also forward the originals to the Company, since physical submission of certain documents is a requirement.

Additionally, the shareholders of the Company who are holding their shares in physical form are requested to provide to the company or its RTA, their bank account details (including IFSC code) along with a cancelled cheque leaf and self-attested copies of address proof and identity proof on or before Wednesday, February 22, 2023 failing which the monies will be paid by the Company to the last known address/bank details of the Non-Promoter Shareholders of the Company. For updating the bank details, shareholders can download the KYC updation form from the RTA website (<https://www.bigshareonline.com/Resources.aspx>). Shareholders who are holding shares in demat form are requested to complete necessary formalities with regard to their bank accounts attached to their demat account.

Link for downloading the tax forms: Shareholders can download the relevant tax forms from the website of the RTA, i.e., <https://www.bigshareonline.com/Resources.aspx>, namely, Bigshare Services Private Limited.

Regards,

sd/-

Mrs. Asmeeta Matondkar

Company Secretary

For Fomento Resorts and Hotels Limited

CIN: U55101GA1971PLC000113

Registered Office:

Unit: Cidade de Goa, Vainguinim Beach,

Goa, 403004

Place : Goa

Date : 07 February 2023

Note: In addition to the tax rates mentioned above, the Company may also add applicable Surcharge and Health and Education Cess while deducting the appropriate tax at source.

Disclaimer: The information set out herein above is included for general information purposes only and does not constitute legal or tax advice. Since the tax consequences are dependent on facts and circumstances of each case, the investors are advised to consult their own tax consultant with respect to specific tax implications arising out of receipt of consideration on reduction of equity share capital. The member would be liable for all the adverse consequences (including penal consequences) if there is any misrepresentation of facts or furnishing of any inaccurate particulars/documents.

FOMENTO RESORTS AND HOTELS LIMITED

Corporate Identification Number (CIN) - U55101GA1971PLC000113
Registered Office: Unit: Cidade de Goa, Vainguinim Beach, Goa, 403004.
Email: shareholders@frhl.in; Website: www.frhl.in.
Tel.: 0832-2454545; Fax: +0832-2454540/ 2454541/ 42



To, _____ Date : _____
Name of the Shareholder : _____ Sr. No. : _____
Address of the Shareholder : _____ Folio No. : _____
Shares : _____

ANNEXURE A

TDS CHECKLIST - FOR NON-RESIDENTS NON-PROMOTER SHAREHOLDERS

Please refer to the ‘Communication on consideration to be paid upon Reduction of Equity Share Capital of Fomento Resorts and Hotels Limited’ (hereinafter referred to as ‘FRHL’ or the ‘Company’).

Shareholders are advised to consult their tax advisors for the treatment that may be adopted for the purpose of depositing advance tax, filing the income tax return, the treatment that may be given by their respective assessing officers in relation to the capital reduction, and the appropriate course of action that they should take including for filling the below mentioned checklist.

- a) I certify that I have a Permanent Account Number (PAN) obtained from the Indian Revenue authorities which is _____.
[If PAN is not available, please mention “Not available” in the space provided]. Please annex a copy of the PAN.
- b) I certify the following in relation to the date and cost of acquisition of tendered shares:

Date of acquisition of shares :	
Cost of acquisition of shares :	
Currency in which tendered shares were acquired :	

Note: In case if the shares were acquired in multiple tranches, the said details are required to be provided tranche wise.

- c) I certify that the TDS on the consideration paid by the Company towards capital reduction of equity shares is to be deducted on account of: (Please tick the relevant option)

	:	Short term capital gains (i.e., owned as capital asset for less than 24 months or less)
	:	Long term capital gains (i.e., owned as capital asset for more than 24 months)
	:	Profits and gains from business or profession

In relation to points ‘b’ and ‘c’ above, following document(s) are annexed to this checklist as proof for:

- (i) Date of acquisition; and
- (ii) Cost of acquisition of shares

(Please specify the nature of document)

1	
2	

Please confirm the applicable tax rate including Surcharge and Health and Education Cess basis consultation with your tax advisors _____ (please specify applicable tax rate). If details are not provided, tax shall be deducted by applying the maximum tax rate, surcharge and cess, as applicable in India. The Company reserves the right to apply a different tax rate for the purpose of TDS as per applicable laws.

d) I certify that, I am eligible for nil or lower tax deduction, basis the order obtained from income tax authorities for: *(Please tick the relevant option)*

	:	Non deduction of tax at source
	:	Deduction at lower rate

Please annex a copy of the order and provide lower/ nil tax deduction order number.

e) I hereby certify that:

- I qualify as a tax resident of *(please specify country)* _____ in terms of the applicable Double Taxation Avoidance Agreement ('DTAA') and the domestic laws of the above specified country and do not qualify as a tax resident of India as per Section 6 of the Income-tax Act, 1961 during the year FY 2022-23 (i.e., period from 01 April 2022 to 31 March 2023). Please note that if name of the country and the specified period is not mentioned, tax shall be deducted by applying the maximum tax rate, surcharge and cess, as applicable in India.
- I have a valid Tax Residency Certificate (TRC) obtained from the tax authorities of _____ *(please specify country)* for the period from _____ to _____ *(please specify period for which TRC was valid)*. Please note that if TRC details are not provided, it will be assumed that the shareholder does not have a valid TRC. Non-resident Non-Promoter Shareholder can provide Form 10F if the TRC does not provide all prescribed details.
- I am entitled to claim benefits under the DTAA between India and *(please specify country)* _____ as modified by the Multilateral Instrument, (wherever applicable) as well as taking into consideration the Indian General Anti Avoidance Rules in terms of Chapter X-A of the Income Tax Act, 1961.
- I do not have a permanent establishment/ place of effective management in India during FY 2022-23 (i.e., period from 01 April 2022 to 31 March 2023). *(Please answer in Yes/ No)* _____.
- I am the beneficial owner of the investments made by me in the shares of the Company. *(Please answer in Yes/ No)* _____.

f) I have enclosed the following documents as evidence of eligibility to claim any double tax treaty benefit: *(Please tick the relevant option)*

	:	Tax Residency Certificate
	:	Form 10F
	:	Any other, please specify _____

g) I, being a Non-Resident Indian, hereby certify that I have opted for beneficial provisions of Chapter XIIA prescribed under the Income-tax Act, 1961. *(Please answer in Yes/ No)* _____ *[Applicable only to Non-Resident Indians]*

If yes, please enclose supporting documents to substantiate utilization of foreign currency for acquisition of shares of the Company.

Declaration – I confirm that if for any reasons, the income-tax department raises a liability in relation to the tax deducted by the Company and seeks to recover any tax (including interest and penalty which is my tax liability) from the Company, I agree to indemnify the Company for the same.

Non-resident Non-Promoter Shareholders are required to send duly filled and signed copy (clear and legitimate) of the above checklist along with the requested documents by email at tds@bigshareonline.com.

The Company reserves the right to seek any additional clarification from the non-resident Non-Promoter Shareholder in respect of the details requested above. In this regard, please share the relevant co-ordinates:

Signature of the non-resident Non-Promoter Shareholder

Name	:	
E-mail ID	:	
Contact number	:	