

### **NOTE ON TAX DEDUCTION AT SOURCE (TDS) ON DIVIDEND DISTRIBUTION**

Pursuant to the Finance Act, 2020, dividend income is taxable in the hands of shareholders w.e.f. 1<sup>st</sup> April, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates.

Further, according to the provisions of Section 206AB of the Income Tax Act, 1961 ('Act'), effective from 1<sup>st</sup> July, 2021, higher rates of tax would be deducted in case of payments to 'specified persons'. A specified person means a person who has not filed the income tax return for the previous year immediately prior to the financial year in which tax is required to be deducted, for which the time limit for filing the return of income under Section 139(1) of the Act has expired; and the aggregate of tax deducted at source ('TDS') and tax collected at source ('TCS') is Rs. 50,000 or more in that previous year. Specified persons who have not submitted their Permanent Account Number ('PAN') as well as not filed their return of income; tax shall be deducted at the higher of the two rates prescribed under Sections 206AA and 206AB of the Act.

In case of an individual shareholders, who are mandatorily required to have their PAN-Aadhaar linked and have not done so, their PAN would be considered as inoperative. Such inoperative PANs would be considered as invalid and higher TDS rate as per section 206AA of the Act would be applied. The Company will rely on the reports downloaded from the reporting portal of the income tax department for checking validity of PANs / inoperative PANs / specified persons under section 206AB of the Act.

A non-resident shareholder who does not have Permanent establishment in India is excluded from the scope of the above provision/s.

Shareholders holding physical securities are requested to note that SEBI, vide its circular dated 3<sup>rd</sup> November, 2021 (subsequently amended by circulars dated 14<sup>th</sup> December, 2021, 16<sup>th</sup> March, 2023 and 17<sup>th</sup> November, 2023) mandated that the security holders, holding securities in physical form, whose folio(s) do not have PAN, Choice of Nomination, Contact Details, Mobile Number, Bank Account Details, Specimen Signature updated, shall be eligible for any payment including dividend, interest or redemption in respect of such folios, only through electronic mode with effect from 1<sup>st</sup> April, 2024, upon their furnishing all the aforesaid details in entirety to Registrar and transfer Agent.

The tax deduction rate would vary depending on the residential status of the shareholder, documents submitted by the shareholder and accepted by the Company. Accordingly, the above referred Final Dividend will be paid after deducting TDS as follows:

**Table 1: Resident Shareholders**

Category of shareholder	Tax Deduction Rate	Exemption applicability/ Documentation requirements
Resident shareholder (with PAN)	10%*	Update valid PAN if not already done with depositories (in case of shares held in Demat mode) and with the Company's Registrar and Transfer Agents - Link Intime India Private Limited (in case of shares held in physical mode).
Resident shareholder (without / invalid PAN/ inoperative PAN / or specified person as per section 206AB of the Act)	20%*	
Resident individual submitting Form 15G/15H	NIL	Declaration in Form15G (applicable to an individual who is less than 60 years of age)/Form 15H (applicable to an Individual who is 60 years and older), fulfilling certain conditions. Please download Form 15G / 15H from the Income Tax website <a href="http://www.incometaxindia.gov.in">www.incometaxindia.gov.in</a>
Shareholder who has received order under Section 197 of the Act	Rate provided in the order	Lower/NIL withholding tax certificate obtained from Income Tax authorities.
Insurance Company: Public & Other Insurance Companies	NIL	Documentary evidence that the provisions of Section 194 of the Act are not applicable.
Person Covered under Section 196 of the Act (e.g. Mutual Funds, Business Trust, Alternative Investment fund, Govt. etc.)		Documentary evidence that the person is covered under said Section 196 of the Act.

**\* Notwithstanding the above, tax would not be deducted on payment of dividend to Resident individual Shareholder, if total dividend to be paid in FY 2024-25 does not exceed Rs. 5,000.**

**Table 2: Non-resident Shareholders**

Category of shareholder	Tax Deduction Rate	Exemption applicability/ Documentation requirement
<p>Non-resident shareholder, Foreign Portfolio Investor (FII, FPI)</p>	<p>20% (plus surcharge and education cess as applicable) / Tax Treaty rate whichever is lower (twice of the applicable rate as mentioned above would apply to those shareholders who qualify as specified persons as per the provision of section 206AB of the Act)</p>	<p>Non-resident shareholders may opt for a tax rate under the Double Taxation Avoidance Agreement ("Tax Treaty"). The Tax Treaty rate shall be applied for withholding the tax on submission of the following documents to the company:</p> <ul style="list-style-type: none"> <li>- Copy of Indian <b>Tax Identification number (PAN)</b>, if available</li> <li>- Self-attested copy of <b>Tax Residency Certificate (TRC)</b> (for FY 2024-25 or calendar year 2024), valid as on the AGM date obtained from the tax authorities of the country of which the shareholder is tax resident</li> <li>- <b>Self-declaration in Form 10F</b>, if PAN is not available. In case where PAN is available, Form 10F has to be executed in electronic mode from Income tax portal.</li> <li>- <b>Self-declaration confirming not having a Permanent Establishment in India and eligibility to Tax Treaty benefit</b> (for FY 2024-25 or calendar year 2024)</li> </ul> <p>The above Self-declaration from Non-resident, should also cover the following:</p> <ol style="list-style-type: none"> <li>a. Shareholder is and will continue to remain a tax resident of the country of its residence during the Financial Year 2024-25;</li> <li>b. Non-resident is eligible to claim the benefit of respective tax treaty. Further, Shareholder has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner; Non-resident receiving the dividend income is the beneficial owner of such income;</li> <li>c. Dividend income is not attributable/effectively connected to any Permanent Establishment (PE) or Fixed Base in India;</li> <li>d. Non-resident is satisfying the Principle Purpose Test as per the respective tax treaty effective 1 April 2020 (if applicable).</li> </ol> <p>Tax shall be deducted at 20% (plus applicable surcharge and education cess) in case any of the above-mentioned documents are not provided.</p> <p>Application of Tax Treaty rate shall depend upon the completeness of the documents submitted by the non-resident shareholder and are in accordance with the provisions of the Act and to the satisfaction of the company. The Company is not obligated to apply the beneficial Tax Treaty rates at the time of tax deduction/withholding on dividend amounts.</p>
<p>Shareholder who has received Order under Section 197 of the Act</p>	<p>Rate provided in the Order</p>	<p>Lower/NIL withholding tax certificate obtained from Income Tax authorities.</p>

**Notes:**

- a) Shareholders who are exempted from TDS provisions through any circular or notification, may provide documentary evidence in relation to the same, to the Registrar and Transfer Agent to enable the Company in applying the appropriate TDS on dividend payment to such shareholder.
- b) Shareholders holding shares under multiple accounts under different status/categories and single PAN, may note that highest rate of tax applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.
- c) Transferring credit to the beneficial owner - As per Rule 37BA of the Act, in case where the dividend is received in the hands of one person but is assessable in the hands of other person, the tax may be deducted in the name of such other person if the first-mentioned person provides a declaration as prescribed in this regard. The aforesaid declaration shall contain (i) name, address, PAN, and residential status of the person to whom credit is to be given; (ii) payment in relation to which credit is to be given; and (iii) the reason for giving credit to such person. We request you to provide any such details latest to Company's RTA at <https://liiplweb.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> or send an email to [pune@linkintime.co.in](mailto:pune@linkintime.co.in) 13<sup>th</sup> July, 2024.

**SUBMISSION OF TAX-RELATED DOCUMENTS:****Resident Shareholders**

The aforesaid documents such as Form 15G/15H, documents under Sections 196, 197A, 199 of the Act, etc. can be submitted to Company's RTA at <https://liiplweb.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> or send an email to [pune@linkintime.co.in](mailto:pune@linkintime.co.in) by Saturday, 13<sup>th</sup> July, 2024 (up to 6.00 p.m. IST).

If the tax on said Final Dividend is deducted at a higher rate in the absence of receipt of or satisfactory completeness of the aforementioned details/documents by 13<sup>th</sup> July, 2024, you may claim an appropriate refund in the return of income filed with your respective Tax authorities.

**No claim shall lie against the Company for such taxes deducted.**

The Company will arrange to email a soft copy of the TDS certificate at your registered email ID in due course, post payment of the said Final Dividend. You will also be able to see the TDS credit in Form 26AS, which can be downloaded from your e-filing account at <https://www.incometax.gov.in>

Incomplete and/or unsigned forms and declarations will not be considered by the Company. All communications/ queries in this respect should be addressed to the RTA, by email to [tm1taxexemption@linkintime.co.in](mailto:tm1taxexemption@linkintime.co.in) and Exemption Forms if forwarded to this email id will not be considered for the purpose of processing. Shareholders who have uploaded exemption forms (valid in all respect) on the portal are also required to forward the original form to the Company.

**UPDATION OF BANK ACCOUNT DETAILS:**

You are requested to keep your bank account details updated with your Depository Participant, if you are holding shares in demat mode or with the Registrar & Share Transfer Agent of the Company, viz Link Intime India Private Limited, (in Form ISR 1) to enable the Company to make timely electronic payment of dividend, if approved by the Shareholders in the Annual General Meeting.