

TDS on Dividend

Pursuant to Income Tax Act, 1961 ("IT Act"), the company will be obligated to deduct taxes at prescribed rates on the dividend paid to its shareholders.

The tax rates of Tax Deducted at Source (TDS) would vary depending on the residential status of the shareholder and documents submitted by shareholder with the Company/ Registrar and Share Transfer Agent ("RTA")/ Depository Participant ("DP"). The related TDS rate and documents required are started below in brief:

A. RESIDENT SHAREHOLDERS

A1. TDS for Resident Shareholders

Sl.No. (1)	Particulars (2)	TDS Rate (3)	Documents (4)
1	Valid PAN updated in the Register of Members	10%	No document required If dividend does not exceed Rs. 5000/- (Rupees Five Thousand only) no TDS will be deducted
2	PAN not provided/ Incorrect PAN provided	20%	Regardless of dividend amount, if valid PAN of shareholder other than individual is not registered In case of Individual shareholder, if valid PAN is not registered and cumulative dividend payment to an individual is more than Rs. 5000/- All shareholders are requested to update their PAN with DP and with the Company/RTA (Refer point (v) of Notes given below)
3	Shareholder falls in the category of "specified person" as defined in Section 206AB of IT Act	20%	PAN registered with the Company/RTA/DP will be validated on 'Compliance Check functionality' for section 206AB & 206CCA" on Reporting Portal of Income Tax (IT) Department (Refer note (vii) of Notes given below)
4	Availability of lower/nil tax deduction certificate issued by IT Department u/s 197 of IT Act	Rate specified in certificate	Lower tax deduction certificate obtained from IT Authority to be submitted to DP and RTA/ Company
5	Benefits under Income Tax Rule 37BA	Rates based on applicability of IT Act to the beneficial owner	If the registered shareholder eg Clearing member/ intermediaries/ stock brokers are not the beneficial shareholder of the shares and if the declaration under IT Rule Form 37BA(2) is provided regarding the beneficial owner.

A2 No tax is deductible at source on dividend payment to resident shareholders if the following documents as mentioned in column no. 4 of the below table has been submitted to the company/RTA/DP

Sl. No. (1)	Particulars (2)	TDS Rate (3)	Documents (4)
1	Submission of Form 15G/15H	NIL	Declaration in Form No. 15G (applicable to individual aged below 60 years) / Form 15H (applicable to individual aged 60 years and above), fulfilling certain conditions. (Refer note (ii) of notes given below)
2	Shareholders to whom section 194 of IT Act does not apply as per second proviso to section 194 such as LIC, GIC etc	NIL	Valid documentary evidence for exemption under section ("u/s") 194 of IT Act
3	Shareholders covered u/s 196 of IT Act such as Government, Reserve Bank of India (RBI), corporations established by Central Act and mutual funds	NIL	Valid documentary evidence for coverage u/s 196 of IT Act
4	Category I and II Alternate Investment Fund	NIL	SEBI registration certificate to claim benefit u/s 197A(1F) of IT Act.
5	Recognised provident funds, approved superannuation fund, approved gratuity fund	NIL	Valid documentary evidence as per Circular No. 18/2017 issued by Central Board of Direct Taxes (CBDT)
6	National Pension Scheme	NIL	No TDS as per section 197A(1E) of IT Act. Valid documentary evidence (eg relevant copy of registration, notification, order, etc.) to be provided.
7	Any resident shareholder exempted from TDS as per provisions of IT Act or by any other law or notification	NIL	Valid documentary evidence substantiating exemption from deduction of TDS

B. NON RESIDENT SHAREHOLDERS:

The table below shows the withholding tax on dividend payment to non-resident shareholders who submit the following document(s), as mentioned in column no. 4 of the below table, has been submitted to the company/RTA/DP. In case all necessary documents are not submitted, then the TDS will be deducted @ 20% (plus applicable surcharge and cess)

Sl. No. (1)	Particulars (2)	TDS Rate (3)	Documents (4)
1	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs) / Other Non-Resident shareholders	20% (plus applicable surcharge and cess) or tax treaty rate, whichever is beneficial	FPI registration certificate in case of FIIs / FPIs To avail the beneficial rate of tax treaty following tax documents would be required: <ol style="list-style-type: none">1. Tax Residency certificate issued by revenue authority of country of residence of shareholder for the year in which dividend is received2. PAN or declaration as per Rule 37BC of IT Rules, in a specified format3. E-filed Form 10F in case of shareholders having a PAN and manual Form 10F, filled & duly signed in case of shareholders not having a PAN4. Self-declaration for non-existence of permanent establishment/ fixed base in India <p>(Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness of the documents submitted by the Non-Resident shareholder and review to the satisfaction of the company)</p>
2	Indian Branch of a Foreign Bank	NIL	Lower tax deduction certificate u/s 195(3) of IT Act obtained from Income Tax Authority Self-declaration confirming that the income is received on its own account and not on behalf of the Foreign Bank and the same will be included in taxable income of the branch in India. In case the above documents are not made available, then withholding tax will be at 40% (plus applicable surcharge and cess)
3	Availability of Lower/ NIL tax deduction certificate issued by IT Authority	Rate specified in certificate	Lower tax deduction certificate obtained from IT Authority. In case above document is not made available then TDS will be at 40% plus applicable surcharge and cess)
4	Any non-resident shareholder exempted from WHT deduction as per the	NIL	Necessary documentary evidence substantiating exemption from WHT deduction

	provisions of IT Act or any other law such as The United Nations (Privileges and Immunities) Act, 1947, etc		
5	A shareholder falls in the category of "specified person" as defined in Section 206AB of IT Act	Double the applicable tax rate	The PAN of the shareholder registered with the company/ RTA/ DP will be validated on 'Compliance Check functionality for Section 206AB & 206CCA" on Reporting Portal of IT Department and accordingly applicable TDS will be deducted with reference to Section 206AB of IT Act.
6	Benefits under IT Rule 37BA	Rates based on the applicability of Act/ DTAA (whichever is beneficial) to the beneficial owner	If the registered shareholder eg. Clearing Member/ intermediaries/ stock brokers are not beneficial shareholders of the shares and if the declaration under IT Rule Form 37BA(2) is provided regarding the beneficial owner, the TDS will be deducted at rates applicable to the beneficial shareholders. The documents mentioned against Sl. No. 1 to 4 in column 4 will be required in addition to the above declaration.

Notes:

- (i) The company will issue soft copy of the TDS certificate to its shareholders through e-mail registered with RTA post filing of TDS return as per statutory timelines specified under IT Act. Shareholders will be able to download Form 26AS from IT Department's website <https://incometaxindia.gov.in/Pages/default.aspx>
- (ii) The aforesaid documents such as Form 15G/15H, documents under section 196, 197A, FPI/ FII Registration Certificate, Tax Residency Certificate, Lower Tax certificate, 37BA declaration etc., to enable the company to determine the appropriate TDS applicable. Any document/ communication on the tax determination / deduction received after record date shall not be considered for that dividend payment.
NSDL has provided a facility for submission of tax documents for claiming NIL/ Low tax deduction from dividend whereby the Resident Non-Individual members i.e. Insurance Companies, Mutual Funds and Alternative Investment Funds (AIF) and other domestic financial institutions established in India and Non-Resident Non-Individual members i.e. FII and FPI may submit the relevant forms/ declaration/ documents through their respective custodian who is registered on NSDL platform.
- (iii) Application of TDS is subject to necessary verification by the company of the shareholder details as available in Register of Members as on the Record Date and other documents available with the company/RTA/ DP, provided by the shareholder.
- (iv) In case TDS is deducted at a higher rate, an option is still available with the shareholder to file return of income and claim appropriate refund.

- (v) No TDS will be deducted in case of resident individual shareholders whose dividend does not exceed Rs. 5000/- (Rupees Five Thousand only). However, where the PAN is not updated in the company/RTA/ DP records or in case of an invalid PAN and cumulative dividend payment to individual shareholder is more than Rs. 5000/- (Rupees Five Thousand only), the company will deduct TDS u/s 194 with reference to Section 206AA of IT Act.
- From 01.07.2023, the PAN of shareholder who have failed to link the PAN with Aadhaar, as required, shall become inoperative & TDS will be deducted at the rate of 20% with reference to section 206AA of IT Act.
- All shareholders are requested to update their PAN with their DP against their holdings.
- (vi) In the event of any IT Demand (including interest/ penalty etc.) on the company arising due to any declaration, misrepresentation, inaccurate or omission of any information provided by the shareholder, such shareholder will be responsible to indemnify the company and also provide the company with all information/ documents and co-operation in any appellate proceedings.
- (vii) The 'specified person' as defined under Section 206AB of IT Act means a resident:
- Who has not filed the return of income for the assessment year (AY)
 - The aggregate of TDS and Tax Collected at Source (TCS) is Rs. 50,000/- (Rupees Fifty Thousand only) or more in the previous year (PY)

Further, a non-resident person having a permanent establishment in India shall also be treated as 'specified person', if the above conditions are met.

NOTE: The content set out above, relating to tax on dividend are not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Shareholders should consult their tax advisors for requisite action to be taken by them.

Dividend Payment Modes

Dividend is paid under five modes, viz:

- a) National Automated Clearing House (NACH)
- b) National Electronic Funds Transfer (NEFT)
- c) Real-Time Gross Settlement (RTGS)
- d) Direct Credit to shareholders' account by bank
- e) Physical dispatch of Dividend Warrant/ Demand Draft/ Cheque (only in case where the Bank Details are incorrect/ not available/ not updated)

- a) What is National Automated Clearing House (NACH) and how does it operate?
- The National Payments Corporation of India (NPCI) has implemented an electronic payment service termed as "National Automated Clearing House (NACH)" for banks, financial institutions, corporates and government departments. It is a centralised system, launched with an aim to consolidate multiple Electronic Clearing Systems running across the country, and has both Debit and Credit variants. NACH aims at facilitating inter-bank, high volume, debit/credit transactions, which are bulk and repetitive in nature. NACH

system covers several Core Banking enabled banks spread across the geographical locations of the country irrespective of the location of the bank branches. It used for affording credits to a large number of beneficiaries in their bank accounts for the payment of dividend by raising a single debit to the bank account of the user entity. NACH operates on the principle of single debit to the sponsor bank's account and multiple credits to different destination banks' accounts.

b) What is payment of dividend through NEFT and how does it operate?

National Electronic Funds Transfer (NEFT) is a nation-wide payment system facilitating electronic transfer of funds from one account to another. Dividend payment through NEFT denotes payment of dividend electronically through RBI clearing, to selected bank branches which have implemented Core Banking Solutions (CBS). This extends to all across the country and is not necessarily restricted to the designated centres where payment can be handled through Electronic Clearing System. To facilitate payment through NEFT, the shareholder is required to ensure that the bank branch where his/her account is operated, is under CBS. The shareholder shall also ensure that particulars of the updated bank account are registered with the concerned DP.

c) What is payment of dividend through RTGS and how does it operate?

The term real-time gross settlement (RTGS) refers to a funds transfer system that allows for the instantaneous transfer of money and/or securities. RTGS is the continuous process of settling payments on an individual order basis, without netting debits with credits across the books of a central bank. The minimum amount to be transferred through RTGS is Rs. 2 lakhs. However, there is no upper limit on RTGS transactions. Dividend payment through RTGS denotes dividend amount transferred from one bank account to the other in real-time, without any delay.

d) What is payment through direct credit and how does it operate?

The Company appoints a bank as its Dividend Banker for distribution of dividend. The said Banker carries out direct credit to those investors who are maintaining accounts with the said Bank, provided the bank account details are registered with the DP for dematerialised shares, prior to the payment of dividend.

Transfer of Unclaimed / Unpaid Dividend / Shares to Investor Education and Protection Fund (IEPF) Authority

Dividend lying in the Unpaid Dividend Account which remains unpaid or unclaimed for a period of seven consecutive years is required to be transferred to the Investor Education and Protection Fund (IEPF).

In accordance with Section 124(6) of the Act, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company in the name of IEPF Authority. However, shares in respect of which specific order of Court or Tribunal or Statutory Authority restraining any transfer of such shares and payment of dividend is registered

with the Company or shares which are pledged or hypothecated under the provisions of the Depositories Act, 1996, shall not be so transferred.

Further shares that were already lying in IEPF account with respect to Kkalpana Industries (India) Limited (“KIIL”), as on 08.04.2022, being the record date for allotment of shares of the company to the shareholders of KIIL, pursuant to Scheme of Demerger approved by Hon’ble National Company Law Tribunal, Kolkata Bench (“NCLT”) between KIIL and company, the related shares of the company have also been transferred to IEPF Account. Furthermore, unless such shares are claimed all corporate benefits like bonus, rights, split, dividends etc. on such shares will also continue to be transferred to IEPF Authority.

The voting rights on shares transferred in the name of IEPF Authority shall remain frozen until the rightful owner claims the shares.

Where can the information of Unpaid/ Unclaimed Dividend or Dividend/ Shares transferred to IEPF Authority be found

The information of Unpaid / Unclaimed Shares is available under the head “Unpaid Dividend Data”

Details of shares transferred to the IEPF Authority are available on the website of the IEPF Authority and the same can be accessed through the link: www.iepf.gov.in.

Details of shares to be transferred in the name of IEPF Authority are made available on the website of the Company under the head “IEPF Data”. Shareholders are advised to verify if any shares held by them are to be transferred in the name of IEPF Authority

Further, the Company, before the due date of transfer of shares, communicates individually the concerned shareholders whose shares are liable to be transferred in the name of IEPF Authority, by sending them an intimation at their latest available contact details, informing them about the dividend which has remained unpaid/unclaimed for a period of seven consecutive years or more and the eventuality leading to transfer of shares in the name of IEPF Authority

Procedure to claim dividends/shares transferred to IEPF Authority

Shares transferred in the name of IEPF Authority in pursuance of Section 124(6) of the Act as well as dividend(s) transferred to IEPF in pursuance of Section 124(5) of the Act can be claimed from IEPF Authority.

The claimant needs to submit an online application in Web-Form IEPF-5 available on the website of IEPF Authority (<http://www.iepf.gov.in>) for filing the claim (for shares and/or dividend). It is advised to read the instructions given in the help-kit carefully before filling the form.

After carefully filling information in Web-Form IEPF-5 and attaching necessary documents, as prescribed in the said form, the form shall be filed electronically, free of cost, with IEPF Authority.

On successful uploading, an acknowledgement will be generated indicating the Service Request Number (SRN). The said SRN shall be used for future tracking of the form. After successfully filing/uploading, Web-Form IEPF-5 and the acknowledgement issued shall be printed.

In case of refund of dividend amount of Rs.10,000/- or more and / or for release of any shares, claimant is required to submit indemnity bond in original (in the format prescribed by the IEPF Authority, on a non-judicial stamp paper of the appropriate value, as prescribed under the Stamp Act, applicable at the State in which it is executed) with signature of the claimant(s) and witness, advance receipt in original in the format prescribed by IEPF Authority, self-attested copy of acknowledgement generated on online submission of Web-Form IEPF-5 and Web-Form IEPF-5 along with the other documents as mentioned in the said Form to the Nodal Officer (IEPF) or Deputy Nodal Officer of the Company at its registered office in an envelope marked "Claim for refund from IEPF Authority". For claim of only amount of Rs.10,000/- or less, indemnity bond can be executed on a plain paper.

Claim Web-Form IEPF-5 together with other documents as mentioned therein, completed in all respects, will be verified by the Company and sent to IEPF Authority within 30 (thirty) days of receipt of valid documents by filing e-verification report. The Company may, however, reject the claim if valid documents are not received within the time stipulated under law.

On the basis of the Company's e-verification report, the unclaimed dividend amounts / shares will be released by the IEPF Authority in favour of claimants' Aadhaar linked bank account/demat account through electronic transfer only.

Recommendation to the Shareholders

Shareholders are requested to register NACH / NEFT Mandate and furnish correct bank account particulars with the DP. This would facilitate in receiving electronic credits of dividends, refunds etc. and avoid postal delays and loss in transit.

In case shares are to be transferred the same should be done before the record date fixed for dividend payment since the dividend on shares lying in the clearing account of the brokers cannot be made available to the members directly by the Company. In case shares are not transferred by the stock broker to the demat account of the client, it means the shares are lying in client margin account of the broker maintained by the broker. The broker is liable to pay the amount of dividend received by him to the client i.e. shareholder since in cases where the shares are held in dematerialised form, the dividend would be paid only to the person whose name appears in the list of beneficial owners.

The shareholders to whom dividend warrants/ demand draft/ cheques are sent are requested to promptly encash the same maximum within 3 months/ before the expiry of warrants/ drafts/ cheques.

Shareholders/investors are advised to visit to verify the details of unpaid/unclaimed dividend and if any dividend/ shares held by them are to be transferred in the name of IEPF Authority.

Demat account should not be kept dormant for long period of time. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified. Where the investor is likely to be away for a long period of time and where the securities are held in electronic form, the investor can make a request to the DP to keep the account frozen so that there can be no debit to the account till the instruction for freezing the account is cancelled by the investor.

**NO DIVIDEND/ SHARES ARE DUE FOR TRANSFER TO IPEF ON ACCOUNT OF UNCLAIMED/UNPAID
DIVIDEND FOR CONSECUTIVE PERIOD OF 7 YEARS FROM DATE OF DECLARATION OF DIVIDEND**