

Himadri Speciality Chemical Ltd
TDS on Dividend Payment during the Financial Year 2021

The Board of Directors at their Meeting held on 30 June 2021 have recommended a Dividend of Re 0.15 per Equity Share of Re.1/- each (15%) for the Financial Year ended 31 March 2021 and the said Dividend, as recommended by the Board, if approved at the ensuing Annual General Meeting, will be paid to shareholders holding equity shares of the Company, either in electronic or in physical form on record date (to be announced in due course).

As per the Income Tax Act, 1961, as amended by the Finance Act, 2020, dividends paid or distributed by a Company after 1 April 2020 shall be taxable in the hands of the shareholders. The Company shall therefore be required to deduct tax at source at the time of making the payment of the said Final Dividend, if declared at the forthcoming AGM.

Therefore, it is required to deduct tax at source (TDS), as applicable, from the aforesaid dividend in the following manner. The TDS rate may vary depending on the residential status of the shareholder and the documents submitted to the Company in accordance with the provisions of the Act. The TDS for various categories of shareholders along with required documents are provided in Table 1 and 2 below:

Table 1: Resident Shareholders

Category of Shareholder	Tax deduction Rate	Exemption applicability/ Documentation requirement
Any resident shareholder	10%	Tax shall be deducted at source under Section 194 of the Income Tax Act, 1961 at 10% on the amount of Dividend declared and paid by the Company during FY 2021-22 provided PAN is provided by the shareholder. Update the

		<p>PAN if not already done, with respective depositories(in case of shares held in Demat mode) and with the Company's Registrar and Transfer Agents –S K Info-solutions Pvt. Limited (in case of shares held in Certificate form).</p> <p>No deduction of taxes in the following cases -</p> <ul style="list-style-type: none"> • If dividend income to a resident Individual shareholder during FY 2021-22 does not exceed INR 5,000/- • If Shareholder's income is below the taxable limit and a declaration is received from the concerned shareholders in Form 15G (applicable to any person other than a Company or a Firm) or in Form 15H (for persons above the age of 60 years). <p>If shareholder is exempted from TDS provisions through any circular or notification and provides an attested copy of the PAN along with the documentary evidence in relation to the same.</p>
Submitting Form 15G/ Form 15H	NIL	Eligible Shareholder providing Form 15G (applicable to any person other than a Company or a Firm)/ Form 15H (applicable to an Individual above the age of 60 years) - on fulfillment prescribed conditions. Please refer attached format in “ Annexure 1 ” and “ Annexure 2 ” respectively.
Order under section 197 of the Act	Rate provided in the order	Lower/NIL withholding tax certificate obtained from Income Tax authorities.
Insurance Companies: Public & Other Insurance Companies	NIL	<ol style="list-style-type: none"> 1. A Self-declaration that they are covered by the second proviso to Section 194 of the Income-tax Act, 1961 and has full beneficial interest with respect to the shares owned by it; 2. Self-attested copy of registration certificate; and

		3. Self-attested copy of PAN.
Corporation established by or under a Central Act which is, under any law for the time being in force, exempt from income- tax on its income.	NIL	Documentary evidence that the person is covered under section 196 of the Act.
Mutual Funds	NIL	<ul style="list-style-type: none"> • A self-declaration that they are governed by the provisions of Section 10(23D) of the Income-tax Act, 1961; • Self-attested copy of registration certificate; and • Self-attested copy of PAN.
Alternative Investment Funds (AIF)	NIL	<ul style="list-style-type: none"> • A self-declaration that the income of the AIF is exempt under Section 10(23FBA) of the Income-tax Act, 1961 and that they are governed as Category I or Category II AIF under the SEBI regulations; • Self-attested copy of registration documents; and • Self-attested copy of PAN.
Other resident shareholder without PAN / Invalid PAN	20%	

Note:

- 1. Recording of the valid Permanent Account Number (PAN) for the registered Folio/DP Id-Client Id is mandatory. In absence of valid PAN, tax will be deducted higher rate of 20% as per Section 206A of the Act.**
- 2. Shareholders holding shares under multiple accounts under different status / category and single may note that, higher of the tax as applicable to the status in which held under PAN will be considered on their entire holding different accounts**

Table 2: Non-resident Share holders

Category of shareholder	Tax Deduction Rate	Exemption applicability/ Documentation requirement
Any non-resident shareholder	20% (plus applicable surcharge and cess) or Tax Treaty rate whichever is lower	<p>For Non-resident Shareholders, taxes are required to be withheld in accordance with the provisions of Section 195 of the Income tax Act, 1961 at the rates in force. As per the relevant provisions of the Act, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of Dividend payable to them. However, as per Section 90 of the Income tax Act, the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the shareholder, if they are more beneficial to them. Non-resident shareholders may opt for tax rate under Double Taxation Avoidance Agreement ("Tax Treaty"). The Tax Treaty rate shall be applied for tax deduction at source on submission of following documents to the company.</p> <ul style="list-style-type: none">• Self -attested Copy of the Permanent Account Number (PAN Card), if any, allotted by the Indian authorities;• Self-attested copy of Tax Residency Certificate (TRC) valid as on the AGM date obtained from the tax authorities of the country of which the shareholder is resident;

		<ul style="list-style-type: none"> • Self-declaration in Form 10F in the attached form in “Annexure 3”. • Self-declaration confirming not having a Permanent Establishment <i>in India</i> and eligibility to Tax Treaty benefit (format attached herewith in “Annexure 4”). <p>TDS shall be recovered at 20% (plus applicable surcharge and cess) if any of the above mentioned documents are not provided. The Company is not obligated to apply the Tax Treaty rates at the time of tax deduction/withholding on dividend amounts. 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.</p>
Foreign Institutional Investors, Foreign Portfolio Investors (FII,FPI)	20% (plus applicable surcharge and cess)	None
Submitting Order under Section 197 of the Act	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from Income Tax authorities.

Note: The Shareholders holding shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.

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

Kindly note, the documents requested are required to be submitted ONCE in a financial year (April 2021-March 2022), unless there is any change in the status having an impact on TDS rate. Post satisfactory review of the documents, it would be considered for withholding of taxes on dividends.

The Company will arrange to email a soft copy of the TDS certificate at the shareholders registered email-ID in due course,

post payment of the said Final Dividend. 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://incometaxindiaefiling.gov.in>.

In view of the prevailing lockdown due to COVID-19, shareholders are requested to complete necessary formalities with regard to their bank accounts attached to their demat account for enabling the Company to make timely credit of dividend in the respective bank accounts.

[Click here](#) to download - 15G

[Click here](#) to download - 15H

[Click here](#) to download - 10F

[Click here](#) to download - Self declaration
