



## Himadri Speciality Chemical Ltd

CIN: L27106WB1987PLC042756

Regd. Office: 23A, Netaji Subhas Road, 8<sup>th</sup> Floor, Suite No. 15, Kolkata – 700 001

Corp. Office: 8, India Exchange Place, 2<sup>nd</sup> Floor, Kolkata- 700 001

E-mail: [investors@himadri.com](mailto:investors@himadri.com); Website: [www.himadri.com](http://www.himadri.com); Ph: 033-22309953

### **TDS on Dividend Payment for the financial year ended 31 March 2023**

The Board of Directors (“Board”) at its Meeting held on 28 April 2023 has recommended a dividend of Re 0.25 per equity share having face value of Re.1 each (i.e. @ 25%) for the financial year ended 31 March 2023. The said dividend, as recommended by the Board, if approved at the ensuing 35<sup>th</sup> Annual General Meeting (AGM), will be paid to shareholders holding equity shares of the Company, either in electronic or in physical form.

As per the Income-tax Act, 1961 (“Act”) 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.

Further the Finance Act, 2021, has brought in Section 206AB effective from 01 July 2021, wherein tax would be deducted at higher rates (twice the specified rate) on payment of dividends to a person who has not filed their returns of income for two years immediately preceding the year in which tax is required to be deducted and the aggregate of tax deducted at source and collected at source is Rs. 50,000/ or more in each of these two years. The Finance Act, 2022 has further reduced the above period of consideration for non-filing of returns as well as for exceeding the TDS threshold prescribed to 1 year. The Company is accordingly required to deduct TDS twice the rate specified under the IT Act in respect of payment of dividend to such persons/shareholders.

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**

<b>Category of Shareholder</b>	<b>Tax deduction Rate</b>	<b>Exemption applicability/ Documentation requirement</b>
<b>Any resident shareholder</b>	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 2023-24 provided PAN is provided by the shareholder.

		<p>Update the 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 Infosolutions Pvt. Ltd. (in case of shares held in physical mode).</p> <p>No deduction of taxes in the following cases -</p> <ul style="list-style-type: none"> <li>• If dividend income to a resident Individual shareholder during FY 2023-24 does not exceed Rs 5,000/-;</li> <li>• 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) on fulfillment of prescribed conditions; and</li> <li>• 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.</li> </ul>
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 “ <b>Annexure 1</b> ” and “ <b>Annexure 2</b> ” 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"> <li>1. A Self-declaration that they are covered by the second proviso to Section 194 of the Act and has full beneficial interest with respect to the shares owned by it;</li> <li>2. Self-attested copy of registration certificate; and</li> <li>3. Self-attested copy of PAN.</li> </ol>
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"> <li>• A self-declaration that they are governed by the provisions of Section 10(23D) of the Act;</li> </ul>

		<ul style="list-style-type: none"> <li>• Self-attested copy of registration certificate; and</li> <li>• Self-attested copy of PAN.</li> </ul>
Alternative Investment Funds (AIF)	NIL	<ul style="list-style-type: none"> <li>• A self-declaration that the income of the AIF is exempt under Section 10(23FBA) of the Act and that they are governed as Category I or Category II AIF under the SEBI Regulations;</li> <li>• Self-attested copy of registration documents; and</li> <li>• Self-attested copy of PAN.</li> </ul>
Other resident shareholder without PAN / Invalid PAN or a person who is considered as specified person u/s 206AB	20%	

**Notes:**

- 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 206AA 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.**
- 3. In case of persons categorized as a specified person as per Section 206AB of the Act, a higher rate of 20% shall apply. The list of 'specified person' for the purpose of Section 206AB shall be obtained at the time of deduction of TDS, from the reporting portal utility made available by the Income tax department as per CBDT Circular No. 11/2021 dated 21 June 2021.**
- 4. Transferring credit to the beneficial owner - As per Rule 37BA, in the 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 such details latest by 08 June 2023.**

**Table 2: Non-resident Shareholders**

<b>Category of Shareholder</b>	<b>Tax deduction Rate</b>	<b>Exemption applicability/ Documentation requirement</b>
Any non-resident shareholder	20% (plus applicable surcharge and cess) or Tax Treaty rate, whichever is lower	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

		<p>20% (plus applicable surcharge and cess) on the amount of dividend payable to them. However, as per Section 90 of the 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").</p> <p>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"> <li>• Self -attested Copy of the Permanent Account Number (PAN Card), if any, allotted by the Indian authorities;</li> <li>• 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;</li> <li>• Self-declaration in Form 10F in the attached form in “<b>Annexure 3</b>”.</li> <li>• Self-declaration confirming not having a Permanent Establishment in India and eligibility to Tax Treaty benefit (format attached herewith in “<b>Annexure 4</b>”).</li> </ul> <p>TDS shall be recovered at 20% (plus applicable surcharge and cess) if any of the above mentioned documents are not provided.</p> <p>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.

**Notes:**

- 1. 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.**
- 2. In the case of persons categorized as a specified person as per Section 206AB, a higher rate of 40% (plus applicable surcharge and cess) shall apply if the non-resident has a permanent establishment ('PE') in India. For this purpose, the expression PE includes a fixed place of business through which the business of the non-resident is wholly or partly carried on. The list of 'specified person' for the purpose of section 206AB shall be obtained at the time of deduction of TDS, from the reporting portal utility made available by the Income Tax department as per the CBDT Circular No. 11/2021 dated 21 June 2021.**
- 3. The Company is not obligated to apply the beneficial tax rate as specified in the respective Tax Treaty 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 its satisfactory review by the Company in accordance with the provisions of the Act.**

NOTE: Resident Non-Individual Members i.e. Insurance companies, Mutual Funds and Alternative Investment Fund (AIF) established in India and Non-Resident Non-Individual Members i.e. Foreign Institutional Investors and Foreign Portfolio Investors may alternatively submit the relevant forms/declarations/documents through their respective custodian who is registered on NSDL platform, on or before the aforesaid timelines.

Kindly note that the documents as mentioned in the Table 1 and 2 above are required to be emailed to us at email ID [skcdivit@gmail.com](mailto:skcdivit@gmail.com) or [investors@himadri.com](mailto:investors@himadri.com) on or before 08 June 2023 in order to enable the Company to determine and deduct appropriate TDS / withholding tax rate.

**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 2023-March 2024), 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 case tax on dividend is deducted at a higher rate in the absence of receipt of the aforementioned details/documents, you would still have the option of claiming refund of the excess tax paid at the time of filing your income tax return. No claim shall lie against the Company for such taxes deducted.

While on the subject, we request you to submit / update your bank account details with your Depository Participant, in case you are holding shares in the electronic form. In case your shareholding is in the physical form, you will have to submit a scanned copy of a covering letter, duly signed by the first shareholder, along with a cancelled cheque leaf with your name and bank account details and a copy of your PAN card, duly self-attested, with Company's RTA S K Infosolutions Pvt Ltd. This will facilitate receipt of dividend directly into your bank account. In case the cancelled cheque leaf does not bear your

name, please attach a copy of the bank pass-book statement, duly self-attested. We also request you to register your email IDs and mobile numbers with the Company at [investors@himadri.com](mailto:investors@himadri.com) or with S K Infosolutions Pvt. Ltd. at their email id: [skcdivit@gmail.com](mailto:skcdivit@gmail.com)

We seek your co-operation in the matter.

Yours faithfully,  
For **Himadri Speciality Chemical Ltd**

Sd/-  
**Monika Saraswat**  
Company Secretary & Compliance Officer  
ACS: 29322

Annexure 1      [Click here](#) to download - 15G  
Annexure 2      [Click here](#) to download - 15H  
Annexure 3      [Click here](#) to download - 10F  
Annexure 4      [Click here](#) to download - Self declaration

*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 dividend.*