



India Glycols Limited
CIN: L24111UR1983PLC009097
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(Uttarakhand)
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Website: www.indiaglycols.com
Email: compliance.officer@indiaglycols.com

Date: 5th August, 2022

Ref: Folio / DP Id & Client Id No: [•]

Name of the Shareholder : [•]

Subject : Communication on Deduction of Tax at source on Dividend for Financial Year 2021-22

Dear Member,

We trust that you and your family are safe and in good health.

We wish to inform you that the Board of Directors ("Board") of the Company has, in its meeting held on 26th May, 2022, recommended a dividend of Rs. 7.50/- per equity share (i.e. @ 75%) of face value of Rs. 10/- each for the financial year ended 31st March, 2022, subject to the approval of the shareholders at the ensuing Annual General Meeting ("AGM") of the Company. The dividend will be paid/dispached within 30 days from the date of the ensuing AGM of the Company.

As you may be assure that pursuant to the provisions of the Income-tax Act, 1961 ("the Act"), as amended by the Finance Act, 2020, dividend paid or distributed by a Company on or after 1st April, 2020 is taxable in the hands of the members. The Company is therefore required to deduct tax at source ("TDS") at the time of payment of dividend, if approved at the ensuing AGM.

Please note that the TDS would vary depending on the residential status, category of the member, compliant / non-compliant status on the basis of filing of income tax return of the preceding year, as per Section 206AB of the Act and is subject to provision of requisite declarations / documents to the Company.

Provisions related to TDS and documents required

You are requested to take note of the below stated tax rates and document(s), if any, which are required to be submitted to the Company for your respective category **on or before Friday, 26th August, 2022**, in order to comply with the applicable TDS provisions.

A. FOR RESIDENT MEMBERS:

I. For Resident Individuals:

Tax will be deducted at source ("TDS") under Section 194 of the Act, at the rate of 10% (Ten percent) on the amount of dividend where shareholders have registered their valid Permanent Account Number (PAN). In case, shareholders do not have PAN / have not registered their valid PAN details in their account, TDS at the rate of 20% (Twenty percent) shall be deducted under Section 206AA of the Act.

No tax shall be deducted on the dividend payable to resident individuals, if –

- a) Total dividend amount to be received by them during the Financial Year 2022-23 does not exceed Rs. 5,000/-; or
- b) The shareholder provides Form 15G (applicable to individual) (refer **Annexure-1**) / Form 15H (applicable to an Individual above the age of 60 years) (refer **Annexure-2**), provided that all the required eligibility conditions are met. Please note that all fields are mandatory to be filled up and Company may, at its sole discretion, reject the form if it does not fulfill the requirement of law.
- c) Exemption / lower TDS certificate is issued by the Income-tax Department.

For availing Nil tax rate deduction by individual Sikkimese resident shareholder on Dividend payment, declaration shall be submitted along with the necessary documents (refer **Annexure-3**).

Note: 1. Shareholders are requested to ensure that their Aadhar number is linked with PAN, as per the timelines prescribed. In case of failure of linking Aadhar with PAN within the prescribed timelines, PAN shall be considered inoperative/invalid and, in such a scenario, tax shall be deducted at a higher rate of 20%.

II. For Resident Non-Individuals:-

No tax shall be deducted on the dividend payable to the following resident non-individuals where they provide details and documents as mentioned below:-

- **Insurance companies:** A declaration (refer **Annexure-4**) along with the self-attested copy of PAN card, certificate of registration with IRDAI/ LIC/ GIC and a copy of documentary evidence (self-attested) to the effect that no Tax withholding is required.
- **Mutual Funds:** A declaration (refer **Annexure-4**) along with the self-attested copy of PAN card that they are governed by the provisions of Section 10(23D) of the Act along with copy of documentary evidence such as certificate of registration with SEBI.
- **Alternative Investment Fund (AIF):** Self-declaration (refer **Annexure-4**) that its income is exempt under Section 10(23FBA) of the Act and they are registered with SEBI as Category I or Category II AIF along with self-attested copy of the PAN card and certificate of AIF registration with SEBI.
- **New Pension System (NPS) Trust:** Self-declaration (refer **Annexure-4**) that it qualifies as NPS trust and income is eligible for exemption under Section 10(44) of the Act and being regulated by the provisions of the Indian Trusts Act, 1882 along with self-attested copy of the PAN card.
- **Other Members who are exempted from tax deduction:** Copy of PAN card along with a Documentary evidence for members who are exempted from deduction of tax under Section 194 of the Act and categories covered under Section 196 of the Act.
- **Any other entity exempt from TDS under the provisions of Section 197A of the Act (including those mentioned in Circular No. 18/2017 issued by CBDT):** Self-declaration specified in **Annexure-3 and Annexure-4** along with adequate documentary evidence, PAN card, substantiating the nature of the entity.

In case, resident shareholders (both individuals and non-individuals) provide certificate under Section 197 of the Act, for lower / NIL withholding of taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the same along with copy of PAN.

B. FOR NON-RESIDENT MEMBERS:

As per the provisions of Section 195 of the Act, the taxes shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable to the Non-resident members. However, in case, non-resident shareholders provide a certificate issued under Section 197/195 of the Act, for lower/ Nil withholding of taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the same.

As per Section 90 of the Act, A Non-Resident member 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 member, if they are more beneficial to the member. For this purpose, i.e. to avail DTAA benefits, the non-resident member shall along with the declaration as applicable, will have to provide the following:

- (i) Self-attested copy of PAN Card, if any, allotted by the Indian Income Tax Authorities; In case, PAN is not available, the non-resident shareholder are required to provide the following: (a) name, (b) email id, (c) contact number, (d) address in residency country, (e) Tax Identification Number of the residency country as per **Annexure-5**;
- (ii) Self-attested copy of Tax Residency Certificate ("TRC") obtained from the Tax Authorities of the country of which the member is resident for FY 2022-23 i.e. covering the period from 1st April 2022 to 31st March 2023;
- (iii) Self- attested copy of Form 10F duly filed with Income Tax Authority as per Section 90(5) and 90A(5) of the Act (Refer **Annexure-6**);
- (iv) Self-declaration by the non-resident member of having no permanent establishment / Fixed base or Place of Business / Business Connection / Place of Effective Management, in India in accordance with the applicable DTAA (pertaining to FY 2022-23) (Refer **Annexure-7**) (Non-resident having PE in India would need to comply with the provisions of section 206AB of the Act;
- (v) Self-declaration of beneficial ownership by the non-resident member (pertaining to FY 2022-23) (Refer **Annexure-7**);
- (vi) Any other documents prescribed under the Act for lower or nil withholding tax, if applicable.

In case of Non-Resident member who are tax residents of Notified Jurisdictional Area as defined under Section 94A(1) of the Act, TDS rate of 30% will be applicable.

In case of Non-Residents member (except those who are tax residents of Notified Jurisdictional Area), withholding tax rate of 20% (plus applicable surcharge and cess) or tax treaty rate whichever is beneficial shall apply. To avail beneficial rate of tax treaty the documents mentioned in point (i) to (vi) above would be required as applicable.

In case of Non-resident members who are Alternative Investment Fund - Category III located in International Financial Services Centre, taxes shall be withheld at 10% plus applicable surcharge and cess in accordance with the provisions of the Act, subject to furnishing of a self-declaration as per **Annexure-8** along with the copy of PAN card and adequate documentary evidence substantiating the nature of entity.

In case the members are covered under Section 10(23FE) of the Act, no tax shall be deducted where the member submits copy of the notification issued by CBDT substantiating the applicability of Section 10(23FE) of the Act issued by the Government of India along with self-

declaration that the conditions specified in section 10(23FE) of the Act have been complied with. (Refer **Annexure-9 or Annexure-10 or Annexure-11**, as applicable).

In case of Foreign Institutional Investors (FII) and Foreign Portfolio Investors (FPI), taxes shall be withheld at 20% plus applicable surcharge and cess or DTAA rate whichever is beneficial in accordance with the provisions of Section 196D of the Act provided such FII/ FPI provides PAN, Self-Declaration in **Annexure-12** and self-attested copy of SEBI registration certificate, in addition to the documents mentioned at points (i) to (vi) above.

The Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non-Resident member.

Note: 1. Recording of the PAN for the registered folio/DP ID-Client ID is mandatory. In the absence of valid PAN, tax will be deducted at a higher rate of 20%, as per Section 206AA of the Act.

C. TDS TO BE DEDUCTED AT A HIGHER RATE IN CASE OF NON-FILERS OF RETURN OF INCOME.

The Finance Act, 2021, has inter-alia, inserted the provisions of Section 206AB of the Act w.e.f 1st July, 2021. The provisions of Section 206AB of the Act require the deductor to deduct tax at a higher of the following rates from amount paid/credited to 'specified person':

- at twice the rate specified in the relevant provision of the Act; or
- at twice the rate or rates in force; or
- at the rate of 5%.

The term 'specified person' is defined in sub section (3) of section 206AB who satisfies the following conditions:

- A person who has not filed the income tax return for immediately preceding to the financial year 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 Act has expired; and
- The aggregate of TDS and TCS in his case is Rs. 50,000/- or more the said previous year.

The non-resident who does not have the permanent establishment is excluded from the scope of a specified person.

The Income Tax Department has also released a Compliance Check Functionality to determine whether a payee is a specified person under section 206AB of the Act and the Company would be relying on the report generated from the said facility for compliance with section 206AB of the Act.

Provisions applicable for all category of members-

1. Members holding shares under multiple accounts under different residential status/ member category and single PAN, may note that, higher of the tax rate as applicable to different residential status/ category, will be considered on their entire shareholding which is held under different accounts. In case of joint shareholders, the shareholder named first in the register of members is required to furnish documents for claiming any applicable beneficial tax rate. (Refer **Annexure-13**).

2. Determination of tax rate is subject to necessary verification by the Company of the details of the member as available with the Company / RTA as on the record date. In this respect, the Company reserves the right to independently verify the PAN number of the member from the utility of National Securities Depository Ltd. ('NSDL') and if the same is found contrary to the PAN quoted/ provided, the Company will disregard the PAN and proceed as per the prevalent law.
3. Further, after receipt of any of the above declarations, if the Company on the basis of its independent assessment, finds any information that is contrary to the declarations received by it, the Company reserves right to rely on the results of its independent assessment and make a deduction of taxes at a higher rate as per applicable provisions of the Act.
4. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided/to be provided by the members (s), such member(s) will be responsible to indemnify the Company and also, provide the Company with all information/documents and co-operation in any tax proceedings.
5. 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.
6. The Company will send out the email with a soft copy of the TDS certificate at the members registered Email ID in due course, post payment of the Dividend. Members 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/>
7. This communication on TDS sets out the provisions of the applicable law in a summary manner only and does not purport to be a complete analysis or listing of all potential tax consequences. This communication shall not be treated as an advice from the Company or its affiliates or its Registrar and Share Transfer Agent. Members should obtain the tax advice related to their tax matters from a tax professional.
8. In case dividend income under the provisions of the Act is chargeable to tax in hands of any person (holding shares on behalf of registered shareholders or acting as a custodian) other than the Registered Shareholder, then, a declaration to that effect is required to be submitted in terms of section 199 of the Act read with Rule 37BA of the Income Tax Rules, 1962 (Refer **Annexure-14** along with **Appendix- A**). On such submission, the Company will deduct tax in the name of such person, which would be due compliance of law on the part of the Company.
9. **Submission of documents**

All the aforesaid documents duly completed and signed should be sent to the Company compliance.officer@indiaglycols.com and M/s MCS Share Transfer Agent Limited, the Registrar and Transfer Agent ("MCS") at admin@mcsregistrars.com by quoting your name, Folio no./ DEMAT Account No. (DP and Client ID both), Number of shares held, PAN and other details on or before Friday, 26th August, 2022 in order to enable the Company to determine the appropriate TDS / withholding tax rate applicable.

NO COMMUNICATION IN RESPECT OF TDS WOULD BE ACCEPTED FROM MEMBERS AFTER FRIDAY, 26th AUGUST, 2022.

10. **Updation of PAN, KYC Details and Nomination details**
SEBI has mandated updation of PAN , KYC details and Nomination details. Members holding shares in dematerialized mode, are requested to update their records such as tax residential status, PAN, registered email addresses, mobile numbers and other details with their relevant Depositories through their Depository Participants. Members holding shares in physical mode are requested to furnish PAN, KYC details and Nomination details to the Company's Registrar and Share Transfer Agent in the required forms. Non-

resident Indian members are requested to inform the RTA/respective DP, immediately of change in their residential status on return to India for permanent settlement and the particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier. The Company is obligated to deduct tax at source (TDS) based on the records available with RTA and no request will be entertained for revision of TDS return. The address of the Registrar and Share transfer Agent (RTA) of the Company is an under:

**M/s MCS Share Transfer Agent Limited
(Unit: India Glycols Limited)**

F-65, 1st Floor, Okhla Industrial Area,

Phase-I, New Delhi-110020

Phone: 011-41406149, Fax- 011-41709881

Email Id: admin@mcsregistrars.com

Website: www.mcsregistrars.com

We seek your co-operation in the matter.

Yours Sincerely,

For **India Glycols Limited**

**Ankur Jain
Head (Legal) & Company Secretary**

Annexures as mentioned above.

Annexure-1 <https://www.indiaglycols.com/investors/downloads/ann-1.pdf>
Annexure-2 <https://www.indiaglycols.com/investors/downloads/ann-2.pdf>
Annexure-3 <https://www.indiaglycols.com/investors/downloads/ann-3.pdf>
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Annexure-14 <https://www.indiaglycols.com/investors/downloads/ann-14.pdf>
Appendix-A <https://www.indiaglycols.com/investors/downloads/app-A.pdf>

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