

Tax on Dividend

The Finance Act 2020 has replaced the Dividend Distribution Tax (DDT) with the classical system of dividend taxation, hence dividend income is now taxed in the hands of the shareholders. In light of the above changes under the Income-tax Act, 1961 (Act), companies paying dividend are required to withhold tax at the applicable tax rates (for Resident shareholder at 10% with valid Permanent Account Number (PAN) or at 20% without/invalid PAN and for Non-Resident shareholders at the rates prescribed under the Act or Tax Treaty, read with Multilateral Instruments, if applicable). Further the Finance Act 2021 has brought in section 206AB effective from July 01, 2021, wherein tax would be deducted at higher rates (twice the specified rate) on payment of dividends to specified person.

According to the provisions of section 206AB, a specified person means 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 rupees fifty thousand or more in each of these two years. Accordingly, applicable tax deduction rates for specified person would be @ 20%.

Further, no withholding of tax is applicable if the dividend payable to resident individual shareholders is up to Rs. 5,000 p.a. within a financial year.

As it is important for the Company to receive the relevant information and declarations from shareholders to determine the rate of tax deduction. Further,

Company is notifying the stock exchanges about the record date for dividend as and when dividend is declared and the same can be accessed in corporate announcement on the website of the stock exchanges. If you are a shareholder of the Company as on the record date, and the dividend receivable by you is taxable under the Income Tax Act, 1961, the company shall be obligated to deduct taxes at source on the dividend payable to you as per the applicable provisions under the Income Tax Act, 1961.

Shareholders holding shares in dematerialized mode, are requested to update their records such as tax residential status, permanent account number (PAN), registered email addresses, mobile numbers and other details with their relevant depositories through their depository participants and shareholders holding shares in physical mode are requested to furnish details to the Company's Registrar and Share Transfer agent KFin Technologies Private Limited.

The company has enabled a shareholder portal for shareholders to upload the relevant tax documents for purposes of tax deduction at source. We request shareholders to upload the relevant documents before the record date. Further, declaration for providing credit of tax deducted to the beneficial holder as per rule 37BA of the Income Tax Rules, 1962 shall also be uploaded along with other tax documents. No documents will be considered after record date. We request shareholders to kindly take note of it accordingly.

The shareholders are requested to go through the list of documents to be provided by each type of shareholders and submit the documents at the link <https://ris.kfintech.com/form15/>

All the documents submitted by you on or before record date will be verified by us and we will consider the same while deducting the appropriate taxes if they are in accordance with the provisions of the Income Tax Act, 1961.

Shareholder can reach us for clarification at investorrelations@granulesindia.com and tds@granulesindia.com

Declaration in relation to Rule 37BA

This declaration must include following information:

- Details of shares held i.e. no. of shares, dpid etc.;
- Reason for transfer of credit;
- PAN of the beneficial owner;
- Residential status of beneficial status;
- In case of non-resident, please provide TRC and Form 10F, if treaty benefits are to be availed
- Address along with Pin code, email address and mobile no.

Note: Please refer below format

DECLARATION

Under Rule 37BA(2) of the Income-tax Rules, 1962

Date:

To

Granules India Limited

2nd Floor, 3rd Block, My home Hub,
Madhapur,
Hyderabad 500081
Telangana

Dear Sir,

In accordance with the Rule 37BA(2) of the Income-tax Rules, 1962 on credit for tax deducted at source, in cases where under any provisions of the Income-tax Act, 1961, the whole or part of the income on which tax deducted at source is assessable in the hands of a person other than the deductee, credit for whole or any part of the tax deducted at source, shall be given to the other person and not to the deductee, provided the deductee files a declaration with the deductor.

Accordingly, I, _____, Compliance Officer of _____, Member of Stock Exchange and Register with SEBI as Member having registered office at _____, hereby declare as follows:

1. _____ having Income Tax PAN _____ are holding shares of Granules India Limited as on the record date i.e., << >>.
2. The shares received by us in Pool Account (**Client Unpaid Securities Account**) are held by us in the Demat account, the details of which is as under:

Demat Account	DP Name	DP ID	Client ID	Sub Type of Demat Account
NSDL/ CDSL				CM - Pool Account

REASONS FOR GIVING CREDIT TO BENEFICIARY SHAREHOLDERS OF MARGIN ACCOUNT -

3. The ___ equity shares of Granules India Limited are held by _____, a SEBI Register Member and having SEBI Registration No _____ under separate Client

Unpaid Securities Accounts (CUSA) as per Exchange / SEBI Circular as clients have not paid for the purchases of shares.

4. For the transactions entered before the book closure, the shares are held by _____ in their CUSA Account mentioned above and these shares will be subsequently transferred to the beneficiary members by _____.
5. As _____ is not the beneficial owner of the shares held by us in Demat Account, dividend income which will be received by us, would be transferred to the beneficiary shareholders and accordingly the respective beneficiary shareholders will be reporting this dividend income in their Income-tax Return of Income for AY 2022-23.
6. It is hereby requested to the Company to provide the credit of tax deducted at source on the dividend payouts by the Company, to the list of shareholders enclosed as **Appendix A**.

We hereby confirm that the above information is true to the best of our knowledge and belief. In case of any change in the facts stated above, we will inform the Company immediately.

I, _____, **Compliance Officer** of _____, Member of Stock Exchange undertakes to provide any further documentation or information as the Company may request.

Any liability arising on account of misrepresentation of facts by us in the above declaration would be indemnified by us.

For _____

Signature
(Name)
Compliance Officer
Date:
Place:

Notes:The Company will consider the information as available with the depositories (NSDL/CDSL) or by the Registrar and Share Transfer Agent as on the record date. We request you to kindly verify the correctness of the records and for any changes to update the same with your depository participant (if you hold shares in dematerialized mode) or the Registrar and Share Transfer Agent (if you hold shares in physical mode). In case of mismatch of any data as declared above with the Depositories/Registrar & Share Transfer Agent, the company will not consider the above declaration for further processing.