



## Granules India Limited

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### Information in respect to Deduction of Tax at Source on Dividend Payment

In accordance with the provisions of the Income Tax Act, 1961 ('the Act') as amended by Finance Act, 2020, with effect from April 1, 2020, dividend declared and paid by the Company is taxable in hands of shareholders. The Company shall, therefore, be required to deduct Tax at Source ('TDS') at the applicable rates on dividend payable to its shareholders. TDS rate would vary depending on the residential status of the shareholder and the documents submitted and duly accepted by the Company. Accordingly, interim /final Dividend of the Company will be paid after deducting TDS as follows:

The withholding tax rate would vary depending on the residential status, category of the shareholder and is subject to submission of requisite declarations / documents to the Company.

#### A. RESIDENT SHAREHOLDERS:

A.1 Tax deductible at source for Resident Shareholders (other than resident individual shareholders receiving dividend not exceeding INR 5,000 during the financial year).

S.No.	Particulars	Rate	Documents required
1.	Valid PAN updated with the Depository	10%	Shareholders can submit the PAN / Email ID / Mobile Number before the record date so that TDS will be deducted at 10% (where applicable). Note - No deduction of tax would be made if the dividend income paid to a resident individual member during Financial Year is less than Rs. 5,000/-
2.	No / Invalid PAN with the Depository	20%	NA
3.	Availability of lower/nil tax deduction certificate issued by Income Tax Department u/s 197 of the Act	Rate specified in Lower tax withholding certificate obtained from Income Tax Department	<ul style="list-style-type: none"><li>• Copy of PAN card</li><li>• Copy of lower tax withholding certificate obtained from Income Tax Department</li></ul>

S.No.	Particulars	Rate	Documents required
4.	An Individual furnishing Form 15G/ 15H	NIL	<ul style="list-style-type: none"> <li>• Copy of PAN card</li> <li>• Declaration in Form No. 15G (applicable to an individual who is less than 60 years) / Form 15H (applicable to an Individual who is 60 years and above), fulfilling prescribed conditions.</li> <li>• This form can be submitted only in case the shareholder's tax on estimated total income for Financial Year is Nil</li> </ul>
5.	Shareholders to whom section 194 of the Act does not apply such as LIC, GIC, Business Trust (REIT, InVIT) etc.	NIL	<ul style="list-style-type: none"> <li>• Copy of PAN card</li> <li>• Self-declaration along with the registration certificate substantiating applicability of section 194 of the Act.</li> </ul>
6.	Shareholder covered u/s 196 of the Act such as Government, RBI, Mutual Funds specified u/s 10(23D) of the Act, corporations established by Central Act and exempt from Income Tax.	NIL	<ul style="list-style-type: none"> <li>• Copy of PAN card</li> <li>• Self-declaration along with the registration certificate substantiating applicability of section 196 of the Act.</li> </ul>
7.	Category I and II Alternative Investment Fund (AIF)	NIL	<ul style="list-style-type: none"> <li>• Copy of PAN card</li> <li>• Self-declaration that the person is covered by Notification No. 51/2015 dated 25th June 2015 and established as Category I or Category II AIF under the SEBI regulations along with self-attested copy of PAN card and registration certificate issued by SEBI.</li> <li>• This rate will be applicable for Category III AIF</li> </ul>
	Category III AIF	10%	
8.	Any other entity exempt from withholding tax under the provisions of section 197A of the Act (including those mentioned in Circular No. 18/2017 issued by CBDT)	NIL	<ul style="list-style-type: none"> <li>• Copy of PAN card</li> <li>• Self-declaration that the person is covered under the provisions of section 197A of the Act (except for individual Sikkimese resident)</li> <li>• Submit declaration in case of individual Sikkimese resident. Adequate documentary evidence, substantiating the type of the entity.</li> <li>• Copy of the lower tax withholding certificate</li> </ul>

S.No.	Particulars	Rate	Documents required
			obtained from Income Tax Department (except those covered by Circular 18/2017)

#### B. NON-RESIDENT SHAREHOLDERS:

Tax deductible at source for non-resident shareholders.

No.	Category	Withholding tax rate	Declaration / documents required
1.	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess)  or  tax treaty rate whichever is beneficial	<ul style="list-style-type: none"> <li>• Copy of PAN card (if available)</li> <li>• Self-declaration,</li> <li>• Copy of Tax Residency certificate (TRC) issued by revenue authority of country of residence of shareholder for the financial year</li> <li>• Self-Declaration in Form 10F</li> </ul> <p>(Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness and satisfactory review by the Company of the documents submitted by the non-resident shareholders. In case the documents are found to be incomplete, the Company reserves the right to not consider the tax rate prescribed under the tax treaty).</p>
2	Alternative Investment Fund – Category III located in International Financial Services Centre	10% (plus applicable surcharge and cess) <sup>#</sup>	<ul style="list-style-type: none"> <li>• Copy of PAN card (if available)</li> <li>• Self-declaration, along with adequate documentary evidence substantiating the nature of the entity</li> </ul>
3	Other Non-resident shareholders (except those who are tax residents of Notified Jurisdictional Area)	20% (plus applicable surcharge and cess)  or  tax treaty rate, whichever is beneficial	<p>To avail beneficial rate of tax treaty following tax documents would be required:</p> <ul style="list-style-type: none"> <li>• Copy of PAN card (if available)</li> <li>• Copy of Tax Residency certificate issued by revenue authority of country of residence of shareholder for the financial year</li> </ul>

No.	Category	Withholding tax rate	Declaration / documents required
			<ul style="list-style-type: none"> <li>• Self-Declaration in Form 10F</li> <li>• Self-declaration for non-existence of permanent establishment / fixed base / business connection in India, place of effective management, beneficial ownership, and eligibility to avail tax treaty benefit [on shareholder's letterhead],</li> </ul> <p>(Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness and satisfactory review by the Company of the documents submitted by the non-resident shareholders. In case the documents are found to be incomplete, the Company reserves the right to not consider the tax rate prescribed under the tax treaty).</p>
4	Non-Resident Shareholders who are tax residents of Notified Jurisdictional Area as defined u/s 94A(1) of the Act	30%	NA
5	Sovereign Wealth funds and Pension funds notified by Central Government u/s 10(23FE) of the Act	NIL	<ul style="list-style-type: none"> <li>• Copy of the notification issued by CBDT substantiating the applicability of section 10(23FE) of the Act issued by the Government of India.</li> <li>• Self-Declaration that the conditions specified in section 10(23FE) have been complied with</li> </ul>
6	Wholly owned Subsidiary of Abu Dhabi Investment Authority (ADIA) as prescribed under section 10(23FE) of the Act	NIL	Self-Declaration substantiating the fulfilment of conditions prescribed under section 10(23FE) of the Act
7	Availability of Lower/NIL tax deduction certificate issued by Income Tax Department u/s 195 of the Act	Rate specified in Lower tax withholding certificate obtained from Income Tax Department	Copy of the lower tax withholding certificate obtained from Income Tax Department

#In case PAN is not updated with the Company's RTA or depository; or PAN is not available; and information sought in the declaration are not provided, higher rate of withholding tax as per relevant section shall be applied.

In case, the TRC is furnished in a language other than English, the said TRC would have to be translated from such other language to English language and thereafter duly notarized and apostilled copy of the TRC would have to be provided.

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 for each dividend 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](mailto:investorrelations@granulesindia.com) and [tds@granulesindia.com](mailto:tds@granulesindia.com)

Moreover, to know the amount of tax deducted the Shareholder can also check Form 26AS from their e-filing accounts at <https://incometax.gov.in>.

**Notes:**

i. Update your KYC data to receive all communications and dividend information. The shareholders are requested to update their KYC data viz., PAN Number, email id, address, mobile number and bank account details by submitting the relevant details with our Registrar & Share Transfer Agent (RTA) i.e., KFin Technologies Private Limited. Shareholders holding shares in dematerialized mode are requested to update the same with their respective Depository Participant to ensure ease of communication and seamless remittances.

ii. A declaration must be filed with the Company where the shareholder being resident individual eligible for obtaining Aadhaar Number have not intimated/ linked the Aadhar Number allotted with its PAN before the Record date plus 2 working days. In such a case, the allotted PAN would be treated as inoperative for the provisions of deduction of TDS on the dividend declared by the Company.

iii. After receipt of any of the above declarations, if the Company basis 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, without any further communication in this regard.

iv. Shareholders holding shares under multiple accounts under different residential status / category and having single PAN updated for such multiple accounts, may note that, higher of the tax rate as applicable to different residential status/ category will be considered for their entire shareholding under different accounts.

v. The documents furnished by the shareholders (such as Form 15G/15H, TRC, Form 10F, Self-Attested Declaration etc.) shall be subject to review and examination by the Company before granting any beneficial rate or NIL Rate. The Company reserves the right to reject the documents in case of any discrepancies or the documents are found to be incomplete. In case withholding tax is deducted at a higher rate, an option is still available with the shareholder to file the return of income and claim an appropriate refund. No claim shall lie against Company for any taxes deducted by the Company.

vi. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the shareholder, the shareholder will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any tax proceedings.

vii. This information is 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.

viii. If dividend income is taxable in hands of any person other than the recipient of the dividend (e.g. Clearing member/corporations), then requisite details by way of a declaration should be uploaded at the link provided in the para above notes **before the Record Date plus 2 working days**.

ix. In the event of a mismatch in category of shareholder (individual, company, trust, partnership, local authority, Government, Association of Persons etc.) as per register of members and as per fourth letter of PAN (10digit alpha-numeric number), the Company would consider fourth letter of PAN for determining the category of shareholders and the applicable tax rate/ surcharge/ education cess.

x. Rate of TDS @10% under section 194 of the Act when the dividend payment is made to resident or rate under section 195 as applicable to non-resident is subject to provisions of section 206AB of IT Act (effective from July 1, 2021) which introduces special provisions for TDS in respect of non-filers of income-tax return. As provided in section 206AB of the IT Act, tax is required to be deducted at higher rate i.e., Twice the rate specified in the relevant provision of the IT Act in case of payment to specified persons.

Where sections 206AA and 206AB are applicable i.e., the specified person has not submitted the PAN as well as not filed the return; the tax shall be deducted at higher of two rates prescribed in these two sections.

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

- A person who has not filed the income tax return for both of two previous years immediately prior to the previous year in which tax is required to be deducted, for which time limit of filing of return of income under section 139(1) of the IT Act has expired; and
- the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in each of these two previous years