



Vinati Organics Limited

(CIN: L24116MH1989PLC052224)

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Communication to Shareholders - Intimation on Tax Deduction on Dividend & Updation of Email ID's, Phone No. and Bank details

June 14, 2022

Dear Shareholder,

We are pleased to inform you that the Board of Directors at their Meeting held on May 14, 2022 has recommended a Final Dividend of Re. 6.50/- per equity share of face value of Re 1/- each i.e. 650% for the Financial Year ended March 31, 2022 subject to approval of the shareholders at the ensuing Annual General Meeting of the Company.

As you are aware that as per the Income Tax Act, 1961 ("the Act"), as amended by the Finance Act, 2020, dividends paid or distributed by a Company after April 1, 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 above AGM.

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 Para 1 and 2 below:

1.0 For Resident Shareholders: -

Tax will be deducted at source under Section 194 of the Act @ 10% on the amount of dividend payable, unless exempt under any of the provisions of the Act. However, in case of Individuals, TDS would not apply if the aggregate of total dividend paid to them by the Company during the financial year does not exceed Rs. 5,000.

No TDS will be deducted in cases where a shareholder provides Form 15G (applicable to individual) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions as prescribed under the Act are met. Blank Form 15G and 15H can be downloaded from the link as [Annexure A](#) and [Annexure B](#) respectively. Please note that all fields mentioned in the forms are mandatory and the Company will not be able to accept the forms submitted, if not filled correctly.

Please also note that valid Permanent Account Number ('PAN') will be mandatorily required and shareholders are also requested to ensure their Aadhar number is linked with PAN in terms of the provisions of Section 139AA (2) read with Rule 114AAA of the Act.

NIL/lower tax will be deducted on dividend payable to the following categories of resident shareholders, on submission of self-declaration. (Format enclosed as [Annexure C](#)):

- i. **Insurance companies:** Documentary evidence to prove that the Insurance company qualify as Insurer in terms of the provisions of Section 2(7A) of the Insurance Act, 1938 along with self-attested copy of PAN card;
- ii. **Mutual Funds:** Documentary evidence to prove that the mutual fund is a mutual fund specified under clause (23D) of section 10 of the Act and is eligible for exemption, along with self-attested copy of the registration documents and PAN card;
- iii. **Alternative Investment Fund (AIF) established in India:** Documentary evidence to prove that AIF is a fund eligible for exemption u/s 10(23FBA) of the Act and that they are established as Category I or Category II AIF under the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, made under the Securities and Exchange Board of India Act, 1992 (15 of 1992). Copy of self- attested registration documents and PAN card should also be provided;
- iv. **National Pension System Trust & other Shareholders:** Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card;
- v. Shareholders to provide a valid certificate issued u/s 197 of the Act for lower / nil rate of deduction or an exemption certificate issued by the Income Tax authorities.

Please also note that where tax is deductible under the provisions of the Act and the PAN of the shareholder is either not available or PAN available in records of the Company is invalid / inoperative, tax shall be deducted @ 20% as per section 206AA of the Act.

2.0 For Non-Resident Shareholders (including Foreign Institutional Investors and Foreign Portfolio Investors): -

- i. Tax is required to be withheld in accordance with the provisions of Sections 195 and 196D of the Act @ 20% (plus applicable surcharge and cess) on the amount of dividend payable.
- ii. As per section 90 of the Act, a non-resident shareholder has an option to be governed by the provisions of the Double Taxation Avoidance Agreement ('DTAA') between India and the country of tax residence of the shareholder, if such DTAA provisions are more beneficial to such shareholder. To avail the DTAA benefits, the non-resident shareholder will have to provide the following documents: -
 - a. Self-attested copy of PAN, if any, allotted by the Indian tax authorities. In case of non-availability of PAN, declaration (Format enclosed as [Annexure D](#)) is to be submitted;
 - b. Self-attested copy of valid Tax Residency Certificate ('TRC') issued by the tax authorities of the country of which shareholder is tax resident, evidencing and certifying shareholder's tax residency status;
 - c. Completed and duly signed self-declaration in Form 10F (Format enclosed as [Annexure E](#))

d. Self-declaration (Format enclosed as [Annexure F](#)) certifying the following points:-

- Shareholder is and will continue to remain a tax resident of the country of its residence during FY 2022-23 (i.e. 01.04.2022 to 31.03.2023);
- Shareholder is the beneficial owner of the shares and is entitled to the dividend receivable from the Company;
- Shareholder qualifies as 'person' as per DTAA and is eligible to claim benefits as per DTAA for the purposes of tax withholding on dividend declared by the Company;
- Shareholder has no permanent establishment / business connection / place of effective management in India;

OR

Dividend income is not attributable/effectively connected to any Permanent Establishment (PE) or Fixed Base in India;

- Shareholder has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner.

e. In case of Foreign Institutional Investors and Foreign Portfolio Investors, self-attested copy of the registration certificate issued by the Securities and Exchange Board of India.

f. In case of Sovereign Wealth funds and Pension funds notified by Central Government u/s 10(23FE) of the Act, kindly provide the copy of the notification issued by CBDT substantiating the applicability of section 10(23FE) of the Act issued by the Government of India.

g. Any other cases of non-applicability or lower rate of TDS, please provide the copy of PAN and relevant supporting documents.

The format of the aforesaid documents may be downloaded from the link given at the end of this communication or RTA's website viz. <https://www.linkintime.co.in/client-downloads.html>

Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by the Non- Resident shareholder and meeting the requirements of the Act, read with the applicable DTAA. In absence of the same, the Company will not be able to apply the beneficial DTAA rates at the time of deducting tax on dividend.

- iii. Where a shareholder furnishes lower / nil withholding tax certificate under Section 197 of the Act, TDS will be deducted as per the rates prescribed in such certificate.

3.0 Section 206AB of the Act

Rate of TDS @ 10% u/s 194 of the Act is subject to provisions of Section 206AB of the Act (effective from 1st July, 2021) which introduces special provisions for TDS in respect of taxpayers who have not filed their income-tax returns (referred to as 'Specified Persons'). Under section 206AB of the Act, tax is to be deducted at higher of the following rates in case of payments to the specified persons:

- 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%.

‘Specified person’ as defined under section 206AB(3) is someone who satisfies the following conditions:

- A person who has not filed income tax return for last previous year immediately prior to the previous 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 whose case is Rs. 50,000 or more in each of these two previous years

Non-resident shareholders who do not have permanent establishment in India are excluded from the scope of a ‘specified person’.

In cases where Sections 206AA and 206AB are applicable i.e. the shareholder has not submitted PAN as well as not filed the return, tax will be deducted at higher of the rates prescribed in these sections.

The Central Board of Direct Taxes vide Circular No. 11 of 2021 dated 21st June 2021 has clarified that new functionality will be issued for compliance check under Section 206AB of the Act. Accordingly, for determining TDS rate on Dividend, the Company will be using said functionality to determine the applicability of Section 206AB of the Act.

4.0 To summarise, dividend will be paid after deducting tax at source as under:

- i. NIL for resident individual shareholders receiving dividend up to Rs. 5,000
- ii. Nil for resident individual shareholders in cases where duly filled up and signed Form 15G / Form 15H (as applicable) along with self-attested copy of the PAN card is submitted.
- iii. 10% for other resident shareholders in case copy of valid PAN is provided/available.
- iv. 20% for resident shareholders if copy of PAN is not provided / not available.
- v. TDS rate will be determined on the basis of documents submitted by the non-resident shareholders.
- vi. 20% (plus applicable surcharge and cess) for non-resident shareholders in case the relevant documents are not submitted.
- vii. Lower/ NIL TDS on submission of self-attested copy of the valid certificate issued under Section 197 of the Act.

The above mentioned rates will be subject to applicability of Section 206AB of the Act.

5.0 Declaration by shareholders under Rule 37BA (2) of the Income Tax Rules, 1962:

In order to enable the Company to provide credit of tax deducted at source to beneficial shareholders in whose hands dividend paid by Company is assessable, shareholders are requested to provide declaration in format as prescribed under Rule 37BA(2) of the Income Tax Rules, 1962. The declaration must consist of Name, address, PAN of the person to whom credit is to be given and proportion of credit to be given in respect of dividend income.

6.0 For Shareholders Having Multiple Accounts Under Different Status / Category:

Shareholders holding equity shares in the Company 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 are held under a PAN will be considered on their entire holding in different accounts.

7.0 For all Shareholders: -

To enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to provide the above details and documents not later than July 10, 2022.

Click here to view / Download Form 15G/15H/10F and Self -Declaration form: <https://www.linkintime.co.in/client-downloads.html>

Kindly note that the documents as mentioned in the Para 1 and 2 above are required to be submitted to the Company at email ID vinatidivtax@linkintime.co.in or update the same by visiting the link <https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html> on or before July 10, 2022 in order to enable the Company to determine and deduct appropriate TDS / withholding tax rate.

Documents received by Post, Courier or from registered email ID will only be accepted. In case of joint shareholders, the shareholder named first in the Register of Members is required to furnish the requisite documents for claiming any applicable beneficial tax rate.

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No communication on the tax determination / deduction shall be considered after July 10, 2022

All the documents submitted by the shareholders will be verified by the Company and the Company will consider the same while deducting the appropriate taxes if they are in accordance with the provisions of the Act. The Company reserves the right to reject the documents in case of any discrepancies or the documents are found to be incomplete.

Shareholders may note that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents from you or due to defect in any of the aforementioned details/documents, option is available to you to file the return of income as per Act and claim an appropriate refund of the excess tax deducted, if eligible. No claim shall lie against the Company for such taxes deducted.

The Company will arrange to e-mail a soft copy of TDS certificate at the shareholders registered e-mail ID in due course, post payment of the said final dividend/furnishing of TDS returns for financial year 2022-23 with the authorities.

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.

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

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>.

Updation of Email ID's, Phone No. and Bank details.

The Shareholders holding shares in physical form who have not registered their email addresses with the Company / RTA may get registered their email addresses at https://linkintime.co.in/emailreg/email_register.html by providing details such as Select company name from drop box, Folio Number, certificate Number, Shareholder name, PAN, mobile number, email id and also upload the image of share certificate and PAN card in PDF or JPEG format (up to 1MB). The facility for registration of bank details for the Shareholders holding shares in physical form are also available at https://linkintime.co.in/emailreg/email_register.html by providing details such as Bank account no, bank name, IFSC code and also upload self-attested cancelled cheque leaf along with request letter duly signed in PDF or JPEG format (**Up to 1MB**) at the earliest so that it could receive by the Company before making the payment of dividend.

The Shareholder holding shares in Demat form are requested to register their email addresses with their respective Depository Participant.

We request your cooperation in this regard.

Yours Sincerely,

For **Vinati Organics Limited**

Sd/-

Milind Wagh
Company Secretary
FCS 7125