

Folio / DP Id & Client Id No: _____
Name of the Shareholder: _____
Sub : Communication on Deduction of Tax at Source on Dividend

Dear Shareholder(s)

We wish to inform you that the Board of Directors at its Meeting held on 18th June, 2020 has recommended the final dividend of Rs. 1.20/- (60%), inclusive of interim dividend of Rs. 1.00 (50%) paid in February 2020, per Equity Share of Rs.2/- for the Financial Year ended 31st March, 2020. The dividend, as recommended by the Board, if declared at the ensuing Annual General Meeting, will be paid to eligible Shareholders within 30 days of the date of its declaration.

In terms of 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 shall be taxable in the hands of the shareholders. The Company will, therefore, be required to deduct tax at source at the time of payment of the dividend. The applicable provisions for Tax Deduction at Source (TDS) under the Act for Resident and Non-Resident shareholder categories are as follows:

For Resident Shareholders, taxes shall be deducted at source under Section 194 of the Act at 7.5% on the amount of dividend.

No tax shall be deducted on the dividend payable to **resident individuals** if -

- i. Total dividend to be received by the shareholder during the Financial Year 2020-21 does not exceed Rs. 5,000/-
- ii. The shareholder provides a written declaration in prescribed 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), subject to eligibility conditions being met.

Blank Forms 15G and 15H are attached herewith.

Please note that Permanent Account Number (PAN) is mandatory. If valid PAN is not submitted, tax would be deducted @20% as per Section 206AA of the Act. **Resident Shareholders other than individuals:**

In case of a certain class of resident shareholders other than individuals who are covered under provisions of Section 194 or Section 196 or Section 197A of the Act, no tax shall be deducted at source ('Nil rate') provided sufficient documentary evidence thereof, to the satisfaction of the Company, is submitted. The minimum details required for the aforesaid category are given below:

Category of shareholders	Documentation required
Insurance Companies: Public and Other Insurance Companies	A self-declaration that they have a full beneficial interest with respect to the shares owned by them along with a self-attested copy of PAN.

Mutual Funds	Self-declaration that they are specified and covered under section 10 (23D) of the Act along with a self-attested copy of PAN card and registration certificate.
Alternative Investment Fund (AIF) established / incorporated in India	Self-declaration that their income is exempt under Section 10 (23FBA) of the Act and they are governed by SEBI regulations as Category I or Category II AIF along with a self-attested copy of the PAN card and registration certificate
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	Self-declaration specifying the specific Central Act under which such corporation is established and that their income is exempt under the provisions of the Act along with a self-attested copy of the PAN card and registration certificate

Application of Nil rate at the time of tax deduction / withholding on dividend amounts will depend upon the completeness and satisfactory review by the Company, of the documents submitted by such shareholders.

For Non-resident Shareholders,

Category of shareholders	Exemption applicability / Documentation required
Foreign Institutional Investors ("FII") and Foreign Portfolio Investors ("FPI")	TDS is required to be deducted/withheld at the rate of 20% (plus applicable surcharge and cess) under Section 196D of the Act.
Other Non-resident shareholders	<p>i. Taxes are required to be deducted/withheld in accordance with the provisions of Section 195 of the Act at the applicable rates in force. As per the relevant provisions of the Act, the tax shall be deducted/withheld at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to them.</p> <p>ii. 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. For this purpose, i.e. to avail DTAA benefits, the non-resident shareholders will have to provide the following:</p> <ul style="list-style-type: none"> • Self-attested copy of the PAN allotted by the Indian Income Tax authorities;

	<ul style="list-style-type: none"> • Self-attested copy of Tax Residency Certificate (“TRC”) obtained from the tax authorities of the country of which the shareholder is resident. Kindly note that TRC should cover the period of payment i.e. FY 2020-21 and should be in English Language. If the local language is other than English, TRC shall be required to be translated into English and be required to be notarized/apostille; • Self-declaration in Form 10F, if all the details required in this form are not mentioned in the TRC. (Blank Form 10F is attached herewith). • Self-declaration from the non-resident, primarily covering the following: <ul style="list-style-type: none"> a) Non-resident is eligible to claim the benefit of respective DTAA; b) Non-resident receiving the dividend income is the beneficial owner of such income; c) Dividend income is not attributable/effectively connected to any Permanent Establishment (PE) or Fixed Base in India; d) Non-resident complies with any other condition prescribed in the relevant DTAA and provisions under the Multilateral Instrument ('MLI'); e) Non-resident does not have a place of effective management in India. <p>(Format of self- declaration is attached herewith)</p>
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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 shareholders.

TDS is required to be deducted/withheld at the rate prescribed in the lower tax withholding certificate issued under section 197 of the Act, if such valid certificate is provided.

Please note that the aforementioned documents are required to be submitted to the Company by sending an email to tdsdividend@hikal.com on or before 15th September, 2020 in order to enable the Company to determine and deduct/withheld appropriate TDS / withholding tax.

No communication on the tax determination / deduction shall be entertained post 15th September, 2020.

It may be further noted that in case the tax on said dividend is deducted/withheld at a higher rate in absence of receipt of the aforementioned details / documents from you, there would still be an option available with the shareholder to file the return of income and claim an appropriate refund, if eligible. No claim shall lie against the Company for such taxes deducted/withheld.

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 Shareholder(s), especially with respect to its residential status such Shareholder(s) will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation at the time of payment of dividend/during the course of any appellate proceedings.

Above communication on tax deduction at source sets out the provisions of law in a summary manner only and does not purport to be a complete analysis or listing of all potential tax consequences. Shareholders should consult with their own tax advisors for the tax provisions that may be applicable to them.

We shall arrange to email of the TDS certificate to you at your registered email ID in due course, post payment of the dividend. In case you have not registered email ID with Company's Registrar and Transfer Agents, kindly register the same for shareholders holding shares in physical form and with the Depository Participant for shareholders holding shares in demat form.

We also request you to register / update with your Depository Participant your Bank account details for receiving electronic credit of dividends directly into your Bank account, your email IDs, mobile numbers for receiving the Notice, Annual Report, e-voting credentials, login details for attending the general meeting in case you are holding shares in electronic form or with the RTA in case you are holding shares in physical form.

We request your cooperation in this regard.

Yours faithfully,

For Hikal Limited

Sd/-

Company Secretary

[Click here to download - 15H](#)

[Click here to download - 15G](#)

[Click here to download - 10F](#)

[Click here to download - Self declaration](#)