

## INDOFIL INDUSTRIES LTD

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### **Intimation on Tax Deduction at Source (TDS) / withholding tax on Interim Dividend for Financial Year 2024-25**

September 16, 2024

**Folio Number / DP ID & Client ID:**

**Name:**

**Sub: Communication in respect of Tax Deduction at Source (“TDS”) on the amount of Interim Dividend Income from INDOFIL INDUSTRIES LIMITED (“the Company”)**

Dear Member,

We are pleased to inform you that the Board of Directors of the Company (“Board”) have at their meeting held on September 13, 2024 approved Interim dividend of 20% on per equity share having nominal value of Rs.10/- and Rs 3/- each.

The Interim dividend, as recommended by the Board, will be paid at par within 30 days from the date of approval of Interim dividend by Members:

(i) to those members who hold shares in physical form and whose names appear on the Company’s Register of Members as holders of Equity Shares as on Tuesday, September 24, 2024.

(ii) in respect of shares held in Dematerialised form, to the beneficial owners of the shares as at the close of business hours on Tuesday, September 24, 2024, as per details furnished by National Securities Depository Limited (NSDL) and Central Depository

In terms of the provisions of the Income-tax Act, 1961, (“the Act”), dividend paid or distributed by a Company on or after 1<sup>st</sup> April 2020 is taxable in the hands of the shareholders. The Company shall therefore be required to deduct tax at source at the time of payment of dividend. In order to enable a Company to determine the appropriate TDS rate as applicable, All the members are requested to update the residential status and category in their respective Demat accounts with Depository Participant (“DP”), if the shareholding is in Demat form or with the Company’s Registrar & Transfer Agent (“RTA”), M/s. MAS Services Limited, if the shareholding is held in physical form. Members are also requested to submit the documents in accordance with the provisions of the Income Tax Act, 1961. The deduction of tax at source will be based on the category of shareholders and subject to fulfilment of conditions as provided herein below:

- **For resident members**

Tax will be deducted at source (“TDS”) 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 distributed to them by the Company during Financial Year 2024-25 does not exceed Rs. 5,000. 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.

**TDS to be deducted at higher rate in case of non-linkage of PAN with Aadhaar:**

As per Section 139AA of the Income Tax Act, every person who has been allotted a PAN and who is eligible to obtain Aadhaar, shall be required to link the PAN with Aadhaar. In case of failure to comply with this, the PAN allotted shall be deemed to be invalid/inoperative and tax shall be deducted at the rate of 20% as per the provisions of section 206AA of the Act. The Company will be using functionality of the Income-tax department for the above purpose. Shareholders may visit <https://www.incometax.gov.in/iec/foportal/> for FAQ issued by the Government on PAN Aadhar linking.

**Where, Permanent Account Number (“PAN”) is available and such PAN is valid / operative as per the provisions of IT Act:**

In accordance with Section 194 of the Act, for resident members where tax is deductible at source under this provisions of IT Act, TDS shall be applied from the dividend amount at rate of 10%, except for members (where tax will be deductible at a higher rate as per provisions of Section 206AA or Section 206AB of IT Act), or for resident members who have not filed its return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted , for which the time limit of filing return of income under sub-section (1) of Section 139 has expired and aggregate TDS/TCS amounting to Rs. 50,000 or more in that previous year (as per Section 206AB), to be verified by the Company from the Government enabled online facility.

The above TDS will be applied by the Company unless exempt under the provisions of the Act and subject to furnishing of the following self-certified documents:

**i. Form 15G / 15H in the case of eligible Resident Individual members:**

No TDS shall be applied in the case of a resident individual member, if the member provides duly signed Form 15G (applicable to an individual below the age of 60 years) or Form 15H (applicable to an individual of the age of 60 years and above), provided that all the prescribed eligibility conditions are met (Format of declaration forms are annexed respectively). Please note all fields are mandatory and company shall reject forms if insufficient information is provided.

**ii. Insurance companies:**

Declaration that provisions of 194 of the Act are not applicable to them as Insurer along with self-attested copy of PAN card and registration certificate.

**iii. 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 covered under Section 196 of the Act.

**iv. Alternative Investment Fund (AIF) established in India:**

Self- declaration that its dividend income is not chargeable under the head “Profit and Gains of Business or Profession” and exempt under Section 10(23FBA) of the Act and they are established as Category I or Category II AIF under the SEBI regulations.

**v. Entities exempt under Section 10 of IT Act:**

In case of resident non-individual members, if the income is exempt under the Act, the authorized signatory shall submit the declaration along with evidence duly signed with stamp affixed for the purpose of claiming exemption from TDS.

**vi. 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:**

Documentary evidence that the person is covered under Section 196 of the Act

In terms of Rule 37BA of Income Tax Rules 1962, if dividend income on which tax has been deducted at source is assessable in the hands of a person other than the deductee, then such deductee should file self-declaration with Company in the manner prescribed by the Rules. This declaration should be shared within 2 days from the record date as may be intimated by the Company. Kindly note that no declaration shall be accepted after 2 days from the record date.

Where a shareholder furnishes a valid Nil or lower tax rate deduction certificate under Section 197 of the Act, TDS will be applied as per the rates prescribed in such certificate.

**• For non-resident members (including Foreign Institutional Investors and Foreign Portfolio Investors)**

Tax is required to be withheld in accordance with the provisions of Section 195 and Section 196D of the Act at applicable rates in force. As per the relevant provisions of the Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable.

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 such DTAA are more beneficial to such member. To avail the tax treaty benefits, the non-resident member will have to mandatorily provide the following documents:

- a) Self-attested copy of PAN card, if any, allotted by the Indian Income Tax authorities;
- b) Self-attested copy of Tax Residency Certificate (“TRC”) obtained from the tax authorities of the country of which the member is tax resident; evidencing and certifying member’s tax residency status during financial year 2024-25.
- c) Form 10F filed electronically on the Indian Income Tax web portal. pursuant to Notification no. 03/2022 dated 16th July 2022 and a subsequent notification dated December 12, 2022 issued by the Central Board of Direct Taxes (CBDT), as required under the Income-tax Act, 1961. (Please note that the shareholders who have PAN may not be eligible for DTAA benefit if the e-filed Form 10F is not furnished.
- d) Self-declaration of having no taxable presence, fixed based or permanent establishment in India in accordance with the applicable tax treaty and beneficial ownership by the non-resident member (Format of the declaration is annexed).
- e) In case of a member being tax resident of Singapore, please furnish the letter issued by the competent authority or any other evidences demonstrating the non-applicability of Article 24 Limitation of Relief under India-Singapore Double Taxation Avoidance Agreement (DTAA).

The Company will apply at its sole discretion and is not obligated to apply the beneficial DTAA rates for tax deduction on dividend payable to non-resident members. Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company of the documents submitted by the non-resident members.

Where a member furnishes valid nil / lower withholding tax certificate under Section 195 / 197 of IT Act, withholding tax will be applied as per the rates prescribed in such certificate.

**Please note:** Members holding shares 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.

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 Tuesday, 24 September 2024.

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

1. NIL for resident members receiving dividend upto Rs. 5000 or in case Form 15G / 15H (as applicable) along with self-attested copy of the PAN card is submitted.
2. 10% for resident members in case copy of PAN card is provided / available.
3. 20% for resident members, if copy of PAN card is not provided / not available / invalid / inoperative / specified person as per Section 206AB of IT Act.
4. Tax will be assessed on the basis of documents submitted by the non-resident members.
5. 20% plus applicable surcharge and cess for non-resident members in case the aforementioned documents are not submitted.

6. Lower / Nil TDS on submission of self-attested copy of the certificate issued under Section 197 of IT Act.

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 the TDS return. No communication on the tax determination/deduction shall be entertained after Tuesday, 24 September 2024.

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 a 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. 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 member(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 appellate proceedings.

Members, whose valid PAN is updated, will 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/>.

#### **Updation of PAN, Email address and other details:**

All the members are requested to update the residential status, registered email address, mobile number, category and other details with their relevant depositories through their DPs, if the shareholding is in Demat form or with the Company's RTA, if the shareholding is held in physical form, as may be applicable. The Company is obligated to deduct TDS based on the records made available by National Securities Depository Limited or Central Depository Services (India) Limited (collectively referred to as "the Depositories"), in case of shares held in Demat mode and from the RTA, in case of shares held in physical mode and no request will be entertained for revision of TDS return.

#### **Updation of Bank Account for payment of Dividend:**

While on the subject, we request you to submit/update your bank account details with your DP, in case you are holding shares in electronic form. In case your shareholding is in physical form, you will have to submit a scanned copy of a covering letter, duly signed by the first shareholder, along with a cancelled cheque leaf with your name and bank account details and a copy of your PAN card, duly self-attested, with the Company's RTA, M/s. MAS Services Limited, T-34 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi 110020, Email: [info@masserv.com](mailto:info@masserv.com). This will facilitate the receipt of dividend directly into your bank account. In case the cancelled cheque leaf does not bear your name, please attach a copy of the bank passbook statement, duly self-attested. In absence of a bank account with requisite particulars, the dividend warrants will be posted to you.

To receive an interim dividend amount directly in your bank account, we request you to submit / update your bank account details with your Depository Participant, in case you are holding shares in the electronic form. In case you are holding shares in physical

form, you will have to send a scanned copy of the covering letter, along with Form ISR-1, SH-13 duly signed by the first shareholder, along with a cancelled cheque leaf with your name and bank account details and a self-attested copy of your PAN card which can be emailed to investor@masserv.com. In case the cancelled cheque leaf does not bear your name, please attach a bank pass-book statement having MICR Code, IFSC and Account No. duly attested copy by the Bank Manager of the first shareholder.

We also request you to update / register your email address and mobile numbers with your Depository Participant, in case you are holding shares in the electronic form and with the Company or the Registrar and Transfer Agent by sending an email to the abovementioned email address, if you are holding shares in physical form, for the purpose of receiving communications over email.

Declaration referred above can be downloaded from the link given below or from the website of the Company viz. <https://www.indofil.com>. Please note that the aforementioned documents should be provided to Company's RTA by email to [info@masserv.com](mailto:info@masserv.com). No communication on the tax determination/deduction shall be entertained after Tuesday, 24 September 2024.

**View/ Download**

Form 15G [click here](#)

Form 15H [click here](#)

Declaration regarding Tax Residency – Non-Resident Members [click here](#)

Declaration regarding Category, Beneficial Ownership of shares and other [click here](#)

We seek your co-operation in the matter.

Thank you.

**With warm regards**

Sd/-

**Jayni Gada**

**Company Secretary**

**(Membership No. ACS 69469)**

***Dated: 16<sup>th</sup> September, 2024***

Disclaimer:

This communication shall not be treated as an advice from the Company or its Registrar & Transfer Agent. Shareholders should obtain the tax advice related to their tax matters from a tax professional.