05 July 2021

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001
Scrip Code: **507717**

National Stock Exchange of India Limited
Exchange Plaza
Bandra-Kurla Complex Bandra (E)
Mumbai – 400 051
Symbol: **DHANUKA**

Dear Sir/Madam,

Sub: Communication to Shareholders - Intimation on Tax Deduction on Dividend

Pursuant to the Finance Act, 2020, Dividend Distribution Tax is abolished and Income by way of Dividend is taxable in the hands of the Shareholders of the Company.

In this regard, please find enclosed herewith an email communication which has been sent to all the Shareholders whose email addresses are registered with the Company/Depositories explaining the process and documentation required for withholding tax from dividends paid to the shareholders at prescribed rates.

This is for your information and records.

Thanking you,

Yours faithfully,
For Dhanuka Agritech Limited

Jitin Sadana

Jitin Sadana
Company Secretary
FCS- 7612

DHANUKA AGRITECH LIMITED

Encl: As above

05/07/ 2021

Dear Shareholder,

We are pleased to inform you that the Board of Directors at their Meeting held on May 21, 2021 have recommended 100% Dividend i.e. Rs. 2/- per Equity Share for the Financial Year ended 31st March, 2021, to the Shareholders of the Company for each Equity Share having Face Value of Rs. 2/- each on the Paid-up Share Capital of the Company absorbing Rs. 93,156,648/- (Rupees Nine Crores Thirty One Lacs Fifty Six Thousand Six Hundred and Forty-Eight only) subject to the approval of Members in the 36th Annual General Meeting of the Company. As you are aware, the Income Tax Act, 1961 **('the IT Act')**, as amended by the Finance Act, 2020, mandates that dividends paid or distributed by the 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 Final Dividend, if declared at the Annual General Meetingof the Company to be held on, 29th July 2021.

This communication provides the applicable Tax Deduction at Source (TDS) provisions under the IT Act for Resident and Non-Resident shareholder categories.

I. For Resident Shareholders -

Tax is required to be deducted at source under Section 194 of the IT Act at the rate of 10% on the amount of dividend where shareholder(s) have registered their valid Permanent Account Number (PAN) and at a rate of 20% for cases where the shareholder(s) does not furnish valid PAN/does not belong to the shareholders

Further, Tax will be deducted at a rate of 20% or twice of rate in force, whichever is higher if the shareholder has not filed the returns of income for both of the two assessment years relevant to the two previous years immediately prior to Financial Year 2021-22, for which the time limit of filing return of income under sub-section (1) of section 139 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.

a. Resident Individuals:

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

- Total amount of dividend to be received during the Financial Year 2021-22 does not exceed Rs. 5,000/-

- The shareholder provides Form 15G / Form 15H (applicable to an Individual above the age of 60 years), provided that all the required eligibility conditions are met. These forms can be accessed at the link given below.

b. Resident Non-Individuals:

Are requested to provide –

- **Insurance Companies:** For Public & Other Insurance companies, a declaration that it has full beneficial interest with respect to the shares owned by it along with self-attested copy of PAN

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- **Mutual Funds:** Self-declaration that they are specified in Section 10 (23D) of the IT Act along with self-attested copy of the PAN card and SEBI registration certificate

- **Alternative Investment Fund (AIF):** AIF established/incorporated in India - Self-declaration that its income is exempt under Section 10 (23FBA) of the IT Act and they are governed by SEBI regulations as Category I or Category II AIF along with self-attested copy of the PAN card and SEBI registration certificate.

- **Other Non-Individual shareholders**: Documentary evidence along with an attested copy of the PAN for Shareholders who are exempted from deduction of tax under Section 194 of the IT Act, and categories covered u/s 196 of the IT Act.

c. In case where the shareholders provide certificate under Section 197 of the IT Act for lower / NIL withholding of taxes, rate specified in the said certificate shall be considered based on submission of self-attested copy of the same.

II. <u>For Non-resident Shareholders –</u>

a. Taxes are required to be withheld in accordance with the provisions of Section 195 of the IT Act as per the rates in force. As per the relevant provisions of the IT Act, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to them. In case, certificate issued under Section 197/195 of the IT Act is given by non-resident shareholders for lower/ Nil withholding of taxes, rate specified in the said certificate shall be considered based on submission of self-attested copy of the same.

b. Further, as per Section 90 of the IT Act, the non-resident shareholder has the option to be governedby the provisions of the Double Tax Avoidance Agreement between India and their country of residence, if they are more beneficial to them. For this purpose, i.e. to avail Tax Treaty benefits, the non-resident shareholders will have to provide the following:

- Self-attested copy of the PAN Card allotted by the Indian Income Tax authorities if any.
- Self-attested copy of Tax Residency Certificate (TRC) (of FY 2021-22 or later) obtained from thetax authorities of the country of which the shareholder is resident
- Self-declaration in Form 10F if all the details required in this form are not mentioned in the TRC
- Self-declaration by the non-resident shareholder of having no Permanent Establishment in India in accordance with the applicable Tax Treaty (of FY 2021-22 or later)
- Self-declaration of Beneficial ownership (of FY 2021-22 or later) by the non-resident shareholder.

Kindly note that the Company is not obligated to apply beneficial tax treaty rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial rate of tax treaty for the purpose of withholding taxes shall depend upon completeness and satisfactory review by the Company of the documents submitted by the non-resident shareholder.

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c. In case of Foreign Institutional Investors (FII) and Foreign Portfolio Investors (FPI), taxes shall be withheld at 20% plus applicable surcharge and cess in accordance with provisions of Section 196D of the IT Act. However, if documents specified in point II(b) above are provided, then rates as per respective tax treaty shall be applied.

The exemption forms viz – **Form 15H/Form 15G/Form 10F and format of Declaration** as required to be provided by Resident/Non Resident shareholders can be **accessed and downloaded** from the website of the Company at the web-link https://www.dhanuka.com/tds-on-dividend-2020-21

Accordingly, in order to enable us to determine the appropriate TDS / withholding tax rate applicable, **we request you to provide these details and documents as mentioned above on or before July 24th, 2021.**

The said Final Dividend will be paid after deducting the tax at source as under:

1. **Nil -** for resident shareholders in case aggregate dividend payout is less than Rs. 5,000 during FY 2021-22 or in cases Form 15G / Form15H (as applicable) along with self-attested copy of the PAN is submitted, if not registered against the demat account.
2. **10%** - for resident shareholders in case Valid PAN is provided / available.
3. **20% -** for resident shareholders in case PAN is not provided / not available.
4. Beneficial tax treaty rate (based on tax treaty with India) for non-resident shareholders, as applicable will be applied on the basis of documents submitted by the non-residentshareholders.

(Application of beneficial Tax Treaty Rate shall depend upon the completeness of the documents submitted by the Non- Resident shareholder and review to the satisfaction of the Company)

TDS/withholding tax at 20% plus applicable surcharge and cess shall apply for non-resident shareholders in case the aforementioned documents are not submitted (including FII/FPI). Shareholders holding shares under multiple accounts under different status/category and single PAN, may note that, higher rate of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.

Kindly note that the aforementioned documents are required to be emailed as mentioned below:

Resident shareholders to send to	:	investors@dhanuka.com
Non-Resident shareholders to send to	:	

These documents should reach us **on or before July 24th, 2021** in order to enable the Company to determine and deduct appropriate TDS/withholding tax rate. The aforesaid documents such as Form 15G/ 15H, documents under section 196, 197A, FPI Registration Certificate, Tax Residency Certificate, Lower Tax certificate etc. should be sent on the aforesaid emails as stated above. No communication on the tax determination/deduction shall be entertained post **July 24th, 2021**. It may be further noted that in case the tax on said Final Dividend is deducted at a higher rate in the absence of receipt of the aforementioned details/documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible. No claim shall lie against the Company for such taxes deducted.

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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/s, such Shareholder/s will be responsible to indemnify the Company and also, provide the Company with all information/documents and co-operation in any appellate proceedings.

Thanking you,

For Dhanuka Agritech Limited

Jitin Sadana
Company Secretary