



National Stock Exchange of India Limited

(CIN: U67120MH1992PLC069769)

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July 02, 2024

Dear Shareholder(s),

Subject: Communication in respect of deduction of tax at source on Dividend payout

We are pleased to inform you that the Board of Directors of the Company at its Meeting held on May 03, 2024, have recommended a final dividend of Rs. 90/- per equity share of face value of Re. 1/- each for the financial year 2023-24, subject to approval of shareholders at the ensuing 32nd Annual General Meeting (AGM).

The Final Dividend, if declared at the 32nd AGM of the Company, will be paid to the eligible shareholders within the stipulated period of 30 days of the declaration.

In accordance with the provisions of the Income Tax Act, 1961 (the 'Act'), as amended by and read with the provisions of the Finance Act, 2020, with effect from April 1, 2020, dividend distributed or declared or paid by the Company shall be taxable in the hands of shareholders and the Company shall be therefore required to deduct tax at source (TDS) from dividend distributed or paid to the shareholders at the applicable rates. Accordingly, this dividend will be taxable in the hands of shareholders in the financial year 2024-25. Thus, all the details and the declaration furnished should pertain to the financial year 2024-25.

This communication summarizes the applicable TDS provisions, as per the Act, for Resident and Non-Resident shareholder categories.

For Resident Shareholders:

1. Where, the Permanent Account Number (PAN) is available and is valid, tax shall be deducted as mentioned hereunder. Further, it may be noted that if the PAN and Aadhar are not linked before May 31, 2024, then the PAN shall be treated as inoperative for deduction of tax.
 - A. Tax shall be deducted at source u/s 194 of the Act, at the rate of 10% on the amount of dividend payable.
 - B. However, tax shall not be deducted in the case of a resident shareholder, if:

- i. the shareholder is an individual and the amount of such dividend in aggregate paid or likely to be paid during the financial year does not exceed **INR 5,000**; OR
- ii. the shareholder provides duly signed Form 15G (applicable to individuals or any person, not being a company or firm) or Form 15H (applicable to an individual of age of 60 years and above), provided that all the prescribed eligibility conditions prescribed under Section 197A(1) and 197A(1A) of the Act are met. The format of Form 15G and Form 15H are available on the website of Link Intime India Private Limited; OR
- iii. Shareholder, exempted from the applicability of TDS provisions in terms of any Circular or notification issued by the Central Board of Direct Taxes (CBDT), provide the relevant documentary evidence in relation to the same (self-attested); OR
- iv. class of shareholders are covered under provisions of Section 194 or Section 196 or Section 197A(1F) 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:

- (a) Class of shareholders exempted from withholding of tax under Section 194:

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 and registration certificate.

- (b) Class of shareholders exempted from withholding of tax under Section 196:

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.

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.

- (c) Class of shareholders exempted from withholding of tax being notified under Section 197A(1F):

Alternative Investment Fund (AIF) established in India / incorporated in India - Self-declaration that their income is exempt under Section 10 (23FBA) of the Act, being dividend income not chargeable under the head 'Profits and gains of business or profession' and they are governed by Securities and Exchange Board of India (SEBI) regulations as Category I or Category II AIF along with a self-attested copy of the PAN card and registration certificate.

Application of Nil TDS rate at the time of tax deduction shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Resident shareholders.

- C. Lower/ NIL TDS will be deducted in case of shareholders who provide valid lower/nil deduction certificate u/s 197 of the Act along with a self-attested copy of PAN card.
2. Further, section 206AB in the Act, as amended by Finance Act, 2022, imposes higher deduction of tax for “specified person” i.e (a) being a person who is non-filer of the Income Tax Return 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 section 139(1) of the Act has expired, i.e. previous year as applicable to relevant financial year 2022-23; and (b) the aggregate of tax deducted at source (TDS) and tax collected at source (TCS) in his case is Rs. 50,000/- or more in the said previous year. In this regard, the Income Tax department has released a Compliance Check functionality for section 206AB of the Act, to identify such specified person whom the section 206AB of the Act shall apply. In the event, if the shareholders are identified under the said facility as specified person, then the tax shall be deducted at higher rate as per section 206AB of the Act (i.e. @ 20%).
3. Where the PAN is either not available or is invalid, tax shall be deducted at the prescribed rate or rates or rates in force or at the rate of 20%, whichever is higher.
4. Further, in the event, the dividend income as on the record date, as may be communicated in the AGM notice, is assessable to tax in the hands of a person other than the registered shareholder, then as per Rule 37BA of the Income Tax Rules, 1962, such registered shareholder, if furnishes to the Company on or before August 13, 2024, 6:00 PM (IST), (i) a declaration containing the name, address, residential status and PAN of the actual beneficial owner to whom credit is to be given; (ii) payment or credit in relation to which credit is to be given; and (iii) reasons for giving credit to such person, then the TDS credit may be done in the name of such beneficial owner. It may kindly be noted that any declaration submitted without complete details as mentioned above and / or after the cut-off date shall not be considered thereon.

For Non-Resident Shareholders:

1. Tax is required to be deducted in accordance with the provisions of Section 195 of the Act read with Part II of First Schedule of the Finance Act, 2023, at the rate of 20% (plus applicable surcharge and health and education cess) on the amount of dividend payable. However, lower/ NIL TDS will be deducted in case of shareholders who provide valid lower deduction certificate u/s 197 of the Act.
2. For Foreign Institutional Investors (“FII”) and Foreign Portfolio Investors (“FPI”) tax shall be deducted at source @20% (plus applicable surcharge and health and education cess) on dividend paid under Section 196D of the Act.

3. However, the non-resident shareholder as per Section 90(2) of the Act/FII/FPI as per proviso to sub-section (1) of Section 196D (inserted vide Finance Act, 2021), may have an option to be governed by the provisions of the Double Tax Avoidance Agreement (Tax Treaty) between India and the country of tax residence of the non-resident shareholder/FII/FPI, if such Tax Treaty provisions read with Multilateral Instruments (MLI) modifications, if applicable, are more beneficial to them. To avail the Tax Treaty benefits, the non-resident shareholder/FII/FPI shall furnish the following documents by not later than Tuesday, August 13, 2024, 6:00 PM (IST) to Link Intime India Private Ltd - Registrars and Transfer Agents (RTA) of the Company.

For this purpose, i.e. to avail the Tax Treaty benefits, the non-resident shareholder will have to provide the following:

- a. Self-attested copy of Permanent Account Number (PAN), if allotted, by the Indian Income Tax Authorities; If PAN is not allotted to Shareholder, then to provide Shareholder's email address, contact number and address in the country of residence;
- b. Self-attested Tax Residency Certificate (TRC) obtained from the Competent tax authorities of the country of which shareholder is a resident, evidencing and certifying shareholder's tax residency status during the financial year 2024-25;
- c. Completed and duly signed Self-Declaration in Form 10F; if all the details required in this form are not mentioned in the TRC; which is available on the website of RTA.
- d. Self-declaration for financial year 2024-25 by the non-resident shareholder of having no permanent establishment in India in accordance with the applicable Tax Treaty;
- e. Self-declaration in the prescribed format, which is available on the website of RTA, certifying on the following points:
 - i. Shareholder is a tax resident of the Country concerned and will continue to remain a tax resident of the country of its residence during the financial year 2024-25;
 - ii. Shareholder is eligible to claim the favourable Tax Treaty rate for the purposes of tax withholding on dividend declared by the Company;
 - iii. Shareholder has no reason to believe that its claim for the benefits of the Tax Treaty is impaired in any manner;
 - iv. Shareholder is the beneficial owner of its shareholding in the Company and dividend receivable from the Company;
 - v. Shareholder adequately satisfies and fulfills the Principal Purpose Test (PPT) and/ or Limitation on Benefits (LOB) clause, as may be applicable, and is eligible to claim lower withholding of tax in terms of Tax Treaty benefits;
 - vi. Shareholder adequately fulfils minimum shareholding requirement and/or minimum holding period, etc; as may be applicable, and is eligible to claim lower withholding of tax in terms of Tax Treaty benefits;
 - vii. Shareholder other than individual is not under the Mutual Agreement Procedure for the purpose of determining their residential status;
 - viii. Shareholder does not have a taxable presence or a permanent establishment in India during the financial year 2024-25.

4. In view of the provisions of Section 206AB of the Act excluding a non-resident not having a permanent establishment in India from the definition of 'specified person', the non-resident shareholders shall be required to submit the necessary documents as specified above, in the absence of which tax shall be deducted at source at twice the applicable rates (plus applicable surcharge and cess).
5. The Company is not obligated to apply the beneficial Tax Treaty rates at the time of tax deduction/withholding of tax on dividend amounts. Application of beneficial Tax Treaty Rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non- Resident shareholder. In case tax has been deducted at higher rate in absence of receipt / submission of aforementioned documents, shareholder would still have the option of claiming refund of excess tax paid, if any, at the time of filing their income tax returns. No claim shall lie against the Company for taxes once deducted.

For all Shareholders:

The aforementioned forms for tax exemption can be downloaded from Link Intime's website. The url for the same is as under: <https://www.linkintime.co.in/client-downloads.html> – On this page select the General tab. All the forms are available under the head "Form 15G/15H/10F"

To view / download Form 15G [click here](#).

To view / download Form 15H [click here](#).

To view / download No PE Declaration Format [click here](#).

To view / download 10F Format [click here](#). Kindly note that where a shareholder (non-resident) has a PAN No., it is mandatory for such category of person to furnish e-filed Form 10F generated from Income Tax portal.

The aforementioned documents (duly completed and signed) are required to be uploaded on the url mentioned below:

<https://liiplweb.linkintime.co.in/formsreg/submission-of-form-15g-15h.html>.

On this page the user shall be prompted to select / share the following information to register their request.

1. Select the company (Dropdown)
2. Folio / DP-Client ID
3. PAN
4. Financial year (Dropdown)
5. Form selection
6. Document attachment – 1 (PAN)
7. Document attachment – 2 (Forms)
8. Document attachment – 3 (Any other supporting document)

Please note that uploading of documents (duly completed and signed) on the website of Link Intime India Private Ltd (<https://liiplweb.linkintime.co.in/formsreg/submission-of-form-15g-15h.html>.) should be done on or before **August 13, 2024** in order to enable the Company to determine and deduct appropriate TDS / Withholding Tax. Incomplete and/or unsigned forms and declarations will not be considered by the Company. No communication on the tax determination/ deduction shall be considered after **August 13, 2024, 6:00 PM (IST)**.

Shareholders may note that in case the tax on said dividend is deducted at a higher rate in the absence of receipt of the aforementioned details/documents, the Company shall not be liable to refund any excess TDS deducted. Shareholders shall have an option to file a return of income as per the provisions of the Act and claim a refund of any excess TDS. No claim shall lie against the Company for such taxes deducted.

All communications/ queries in this respect should be addressed to our RTA - Link Intime India Private Limited to its email address: rnt.helpdesk@linkintime.co.in (NO TAX EXEMPTION FORMS SHOULD BE SENT AND THIS MAIL ID IS ONLY FOR QUERIES).

Shareholders are further requested to complete necessary formalities with regard to their Bank accounts attached to their Demat account for enabling the Company to make timely credit of dividend in respective bank account.

Disclaimer: This Communication shall not be treated as an advice from the Company or its affiliates or Link Intime India Private Limited. Shareholders should obtain the tax advice related to their tax matters from a tax professional.

We request your cooperation in this regard.

For National Stock Exchange of India Limited

Sd/-

Prajakta Powle

Interim Company Secretary