



TORRENT PHARMACEUTICALS LIMITED

(CIN: L24230GJ1972PLC002126)

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29th May, 2024

Sub: Deduction of tax at source on Dividend

Dear Shareholder,

As you are aware, the Board of Directors of your Company at its meeting held on 24th May, 2024, has, inter alia, recommended the final dividend of Rs. 6/- per equity share of Rs. 5/- each for the financial year ended 31st March, 2024, subject to approval of shareholders in the ensuing Annual General Meeting to be held on Tuesday, 23rd July, 2024. The said final dividend, if approved by the Shareholders, will be paid to shareholders holding equity shares of the Company as on Record Date i.e. 21st June, 2024 fixed by the Company for the purpose.

As per Indian Income Tax Act, 1961, dividend paid and distributed by a company is taxable in the hands of shareholders with effect from 1st April, 2020. Therefore, the Company is required to deduct taxes at source (TDS) at the rates applicable to each category of shareholders.

Further, as per Section 206AB of Income Tax Act, 1961, read with Circular 10 of 2022 issued on 17th May 2022, a higher rate of tax (twice the specified rate) would be applicable on payment made to a 'Specified Person' defined under the provisions of the aforesaid section. (Text of section 206AB and the Circular can be read from the link: <https://www.incometaxindia.gov.in/pages/acts/income-tax-act.aspx>).

According to Section 90(5) read with Rule 21AB of the Income Tax Act, a non-resident must provide specific information in Form 10F along with the Tax Residency Certificate (TRC) in order to claim the benefits of any Tax treaty in respect of any income earned in India.

CBDT vide Notification 3 dated 16th July 2022, Notification 126 dated 12th December 2022 and Notification F. No. DGIT(S)-ADG(S)-3/e-Filing Notification/Forms/2023/13420-dated 28th March 2023 mandatorily requires a non-resident shareholder to furnish Form 10F electronically in the Income tax portal.

You are requested to update your details like tax residential status, PAN and register your email address, mobile numbers and other details with your depository participants in case you are holding shares in

dematerialized form and furnish details to the Company's Registrar and Transfer Agent ("RTA") if you are holding shares in physical mode.

The TDS rate would vary depending on the residential status and category of shareholder and is subject to provision of requisite declarations / documents to the Company. Accordingly, you are requested to upload the required documents/details, as applicable, on the portal of the RTA <https://ris.kfintech.com/form15/> on or before 5th July, 2024. Shareholder(s) is / are requested to upload all documents at the aforesaid link only.

Kindly note that no communication/documents will be considered by the Company unless uploaded on the portal of the RTA for such purpose.

DOCUMENTS TO BE SUBMITTED BY RESIDENT SHAREHOLDER:

- Copy of the PAN Card allotted by the Indian Income Tax authorities duly self-attested. If the PAN is not as per the database of the Income-tax Portal, it would be considered as invalid PAN.
- Form 15H (for claiming exemption - applicable to an individual above age of 60 years with no tax liability on total income) - [Annexure 1](#).
- Form 15G (for claiming exemption - applicable to an individual or a Person not being a company or Firm with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) - [Annexure 2](#).
- Declaration by resident for availing the NIL tax rate deduction on dividend payment under the Income Tax Act, 1961 - [Annexure 3](#).

DOCUMENTS TO BE SUBMITTED BY NON-RESIDENT SHAREHOLDER:

- Copy of the PAN Card allotted by the Indian Income Tax authority duly self-attested.
- For claiming relief of beneficial tax rate as per DTAA, it is mandatory to share :
 - a. Copy of '[Tax Residence Certificate](#)' of the country of residence of shareholder valid for Financial Year 2024-25. In case, the TRC is furnished in a language other than English, the said TRC would have to be translated from such other language to English language and thereafter duly notarized and apostilled copy of the TRC would have to be provided.
 - b. Copy of electronically filed '[Form 10F](#)' in the income tax portal for Financial Year 2024-25 alongwith acknowledgement in format available in [Annexure 4](#).
 - c. Steps for filing Form 10F online in income tax portal is provided vide - [Annexure 5](#)
 - d. Copy of No Permanent Establishment Declaration in format available as [Annexure 6](#).
- Copy of Tax exemption certificate or a Lower Tax Certificate issued by Indian tax Authority, if any.

Note:

- No tax shall be deducted on payment of dividend to a resident individual shareholders if the total dividend paid by the Company during a Financial year, does not exceed Rs. 5,000/.
- Shareholders holding shares in demat mode are requested to ensure that PAN no. registered with Depository Participant is as per the database of Income Tax Portal. In case of any discrepancies in PAN details, shareholders are requested to update the correct PAN details with your Depository Participant.
- Application of TDS rate is subject to necessary due diligence and verification by the Company of the shareholder details as available in register of members of the Company or Register of Beneficial Owners maintained by the Depositories as on the record date and any other additional documents that may be submitted. In case of any discrepancy in documents submitted by the shareholder, the Company will deduct tax at higher rate as applicable, without any further communication in this regard.
- All the documents submitted by you shall be verified by the Company to assess the applicable rate of tax to be deducted in accordance with the provisions of the Income Tax Act, 1961. The beneficial Tax Treaty rates will not automatically apply at the time of tax deduction/withholding on dividend amounts. Application of beneficial Tax Treaty Rate shall depend upon the completeness and satisfactory review by the Company of documents submitted by non-resident shareholders. In case documents are found to be incomplete, the Company reserves the right of not considering the tax rate prescribed under the tax treaty.
- In case tax on dividend is deducted at a higher rate in the absence of receipt of the aforementioned details/documents, you would have the option of claiming refund of the excess tax deducted at the time of filing your income tax return. No claim shall lie against the Company for such tax deduction.
- 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.
- The Company shall arrange to email the soft copy of the TDS certificate to shareholders at the registered email ID within the prescribed time, post payment of the said dividend, The tax credit can also be viewed in Form 26AS by logging in with your credentials (with valid PAN) at TRACES website <https://www.tdscpc.gov.in/app/login.xhtml> or the e-filing website of the Income Tax department of India <https://www.incometax.gov.in/iec/foportal/>.
- 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-operate in any assessment/ appellate proceedings before the Tax/ Government authorities.

- The Company will not consider the documents/communication uploaded on portal, after 05th July, 2024.
- Clearing member should ensure that as on record date, shares get credited to the respective shareholder's account so that dividend is credited directly to them.
- Shareholder holding shares in Physical mode may note that SEBI vide its various circulars mandated that the security holders (holding securities in physical form), whose folio(s) are not updated with the KYC details (any of the details viz., PAN; Choice of Nomination; Contact Details; Mobile Number and Bank Account Details and signature, if any) shall be eligible for any payment including dividend, interest or redemption in respect of such folios, only through electronic mode with effect from April 01, 2024. You may also refer to SEBI FAQs by accessing the link https://www.sebi.gov.in/sebi_data/faqfiles/jan-2024/1704433843359.pdf (FAQ No 38 & 39).

Thanking you,

Yours sincerely,

For Torrent Pharmaceuticals Limited

Chintan M. Trivedi
Company Secretary

Disclaimer: The information set out hereinabove is included for general information purposes only and does not constitute legal or tax advice. Since the tax consequences are dependent on facts and circumstances of each case, the investors are advised to consult their own tax consultant with respect to specific tax implications arising out of receipt of dividend.