



## TORRENT PHARMACEUTICALS LIMITED

(CIN: L24230GJ1972PLC002126)

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18<sup>th</sup> June, 2021

### **Sub: Communication of Deduction of tax at source on Dividend declared during F.Y. 2021-22.**

Dear Shareholder,

We hope this communique finds you safe and in good health.

As you are aware, the Board of Directors of your Company at its meeting held on 18<sup>th</sup> May, 2021, has recommended the final dividend of Rs.15/- (Rupees Fifteen Only) per equity share having a nominal value of Rs.5/- each for the financial year ended 31<sup>st</sup> March, 2021. The dividend, as recommended by the Board, will be paid to shareholders holding equity shares of the Company as on Record Date i.e. 18<sup>th</sup> June, 2021 fixed by the Company for the purpose.

Pursuant to the amendments introduced in the Income-tax Act, 1961 ('the Act') vide Finance Act, 2020, w.e.f. 1<sup>st</sup> April, 2020, the Company is required to withhold taxes at the prescribed rates on the dividend paid to its shareholders. **No tax is required to be deducted on payment of dividend to a resident individual shareholders if the total dividend received/ to be received by him/her during a Financial year, does not exceed INR 5,000/-.**

Further w.e.f 1<sup>st</sup> July 2021, for resident Individual shareholders, in case Aadhaar number is not linked with PAN, the said PAN shall be deemed as invalid and higher TDS shall be applicable @ 20% instead of 10%.

Also as per Section 206AB w.e.f 1<sup>st</sup> July 2021, for resident shareholders, TDS shall be deducted at a higher rate in case a person has not filed Income Tax Return for the preceding two Financial Years if the aggregate TDS exceeds INR 50,000 in each of the two Financial Years.

The withholding tax rate would vary depending on the residential status and category of the shareholder and is subject to provision of requisite declarations / documents to the Company.

#### **A. RESIDENT SHAREHOLDERS:**

A.1 Tax deductible at source for Resident Shareholders (other than resident individual shareholders receiving dividend not exceeding INR 5,000 during the Financial Year [FY])

Sr. No.	Particular	Withholding tax rate	Declaration / documents required
1	Valid PAN updated with the Registrar and Transfer Agent ('RTA') in case shares are held in physical form; or depository participant in case shares are held in dematerialized form and no exemption sought by Shareholder; and Aadhaar linked with PAN and filing of Income Tax return for preceding 2 FY's	10%	<ul style="list-style-type: none"> <li>Declaration in Annexure 1</li> </ul>
2	No / Invalid PAN registered with the RTA in case shares are held in physical form; or depository participant in case shares are held in dematerialized form and no exemption sought by Shareholder and non-furnishing of Declaration in Annexure-1	20%	N.A.
3	Availability of lower/nil tax deduction certificate issued by Income Tax Department u/s 197 of the Act, subject to compliance of requirements mentioned in Declaration in Annexure 1	Rate specified in Lower tax withholding certificate obtained from Income Tax Department	<ul style="list-style-type: none"> <li>Self-attested Copy of PAN card</li> <li>Copy of lower tax withholding certificate obtained from Income Tax Department</li> <li>Declaration in Annexure 1</li> </ul>

A.2 Nil Tax Deductible at Source on dividend payment to Resident Shareholders if the Shareholders submit documents mentioned in column no.3 of the below table with the RTA

Sr. No.	Particular	Declaration / documents required
1	Shareholder (other than a Company or a Firm) submitting Form 15G/ 15H subject to Declaration provided in Annexure 1	<ul style="list-style-type: none"> <li>Self-attested Copy of PAN card</li> <li>Declaration in Form No. 15G (applicable to any person other than a company or a firm) / Form 15H (applicable to an Individual who is 60 years and above), fulfilling prescribed conditions.</li> </ul>

		<ul style="list-style-type: none"> <li>Refer Annexure 2 - Form 15H, Annexure 3 - Form 15G to download the forms</li> <li>Declaration in Annexure 1</li> </ul>
2	Insurance Companies to whom section 194 of the Act does not apply.	Declaration in Annexure 4
3	Shareholder covered u/s 196 of the Act such as Government (Central/State), RBI, Mutual Funds specified u/s 10(23D), corporations established by Central Act and exempt from Income Tax.	Declaration in Annexure 4
4	Category I and II Alternative Investment Fund (AIF) u/s 197A(1F) read with Notification 51/2015	Declaration in Annexure 4
5	National pension scheme u/s 197A(1E)	Declaration in Annexure 4
6	Entities falling under Circular 18/2017 - recognized PF fund, Superannuation fund, gratuity fund.	Declaration in Annexure 4
7	Any other entity exempt from withholding tax under the provisions of section 197A of the Act	Declaration in Annexure 4

The higher rate of withholding tax @ 20% as per Section 206AA r.w.s. 206AB of Income Tax Act shall be applied, in case any of below criteria is not complied with:

- Aadhaar duly linked with PAN is not updated with Company's RTA or Depository.
- Income Tax returns for past 2 years are not filed for the years whose due date u/s 139(1) is expired, if the aggregate TDS exceeds INR 50,000 in each of the two Financial Years.
- Declaration with requisite information on the above mentioned points are not provided.

#### B. NON-RESIDENT SHAREHOLDERS:

Tax deductible at source for non-resident shareholders.

Sr. No.	Particular	Withholding tax rate	Declaration / documents required
1	Non-resident shareholders	20% (plus applicable surcharge and cess) or tax treaty rate whichever is beneficial	To avail beneficial rate of tax treaty following tax documents would be required:

			<ul style="list-style-type: none"> <li>• Self-attested Copy of PAN card (if available)</li> <li>• Copy of Tax Residency certificate issued by revenue authority of country of residence of shareholder for the financial year 2021-22 (covering the period from 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022)</li> <li>• Self-Declaration in Form 10F (As per Annexure 5 )</li> <li>• Self-declaration for no permanent establishment / fixed base / business connection in India, place of effective management, beneficial ownership and eligibility to avail tax treaty benefit [on shareholder's letterhead] (As per Annexure 6).</li> </ul> <p>(Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness and satisfactory review by the Company of the documents submitted by the non-resident shareholders. In case the documents are found to be incomplete, the Company reserves the right to not consider the tax rate prescribed under the tax treaty).</p>
2	Availability of Lower/NIL tax deduction certificate issued by Income Tax Department u/s 195 or 197 of the Act	Rate specified in Lower tax withholding certificate obtained from Income Tax Department	Copy of the lower tax withholding certificate obtained from Income Tax Department

Please CLICK on the following links to download the forms.

1. [Annexure 1](#)
2. [Annexure 2](#)
3. [Annexure 3](#)
4. [Annexure 4](#)
5. [Annexure 5](#)
6. [Annexure 6](#)

Notes:

- i. The aforesaid documents and annexures has to be uploaded on the link <https://ris.kfintech.com/form15/> **on or before 10<sup>th</sup> July, 2021 to enable the Company to determine the appropriate withholding tax rate applicable at the time of payment of final dividend, if any.** In case where copy of documents (such as, PAN card, Registration certificate) is provided, the copy should be self-attested by the Shareholder or its authorized signatory. Any communication in relation to tax rate determination/deduction received post **10<sup>th</sup> July, 2021** shall not be considered.
- ii. Determination of withholding tax rate is subject to necessary verification by the Company.
- iii. The Company will issue soft copy of the TDS certificate to its shareholders through email registered with the Company / RTA post payment of the dividend. Shareholders will be able to download the tax credit statement from the Income Tax Department's website <https://incometaxindiaefiling.gov.in> (refer to Form 26AS).
- iv. In case withholding tax is deducted at a higher rate, an option is still available with the shareholder to file the return of income with the dept. of Income Tax and claim an appropriate refund. No claim shall lie against Company for any taxes deducted by the Company.
- v. 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, the shareholder will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any tax proceedings.
- vi. This Communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Shareholders should consult their tax advisors for requisite action to be taken by them.
- vii. We request all shareholders to share their email ids for effective communication. The aforementioned details are also available on the website of the Company.

Thanking you,

Yours sincerely,

For Torrent Pharmaceuticals Limited

**Mahesh Agrawal**  
**VP (Legal) & Company Secretary**