



## TORRENT PHARMACEUTICALS LIMITED

(CIN: L24230GJ1972PLC002126)

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### **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 30<sup>th</sup> May, 2023, has, interalia, recommended the final dividend of Rs. 8/- per equity share of Rs.5/- each for the financial year ended 31<sup>st</sup> March, 2023, subject to approval of shareholders in the ensuing Annual General Meeting to be held on Monday, 7<sup>th</sup> August, 2023. 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. 23<sup>rd</sup> June, 2023 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 1<sup>st</sup> 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 17<sup>th</sup> 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 16<sup>th</sup> July 2022, Notification 126 dated 12<sup>th</sup> December 2022 and Notification F. No. DGIT(S)-ADG(S)-3/e-Filing Notification/Forms/2023/13420 dated 28<sup>th</sup> March, 2023 mandatorily requires a non-resident shareholder to furnish Form 10F electronically in the Income tax portal, if such non-resident is a holder of PAN in India. Further, a non-resident shareholders who does not have PAN in India may furnish self-declared manual Form 10F for claiming treaty benefit.

You are requested to update your details like tax residential status, PAN and register your email address, mobile number and other details with your depository participant 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 10<sup>th</sup> July, 2023.

**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 authority 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.
- Copy of Tax Residence Certificate of the country of residence of shareholder valid for Financial Year 2023-24. 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.
- Copy of Form 10F electronically filed in income tax portal for Financial Year 2023-24 providing information specified under section 90 by non-resident shareholder having PAN in India - [Annexure 4](#).
- Manual self-declaration in Form 10F for Financial Year 2023-24 providing information specified under section 90 by non-resident shareholder not having PAN in India - [Annexure 4](#)
- Self-declaration for not having Permanent Establishment in India, Beneficial ownership of shares and dividend income and eligibility of treaty benefits - [Annexure 5](#).

- 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 during a Financial year, does not exceed Rs. 5,000/.
- 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.
- The Company will not consider the documents/communication uploaded on portal, after 10<sup>th</sup> July, 2023.
- 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.

Thanking you,

Yours sincerely,

For Torrent Pharmaceuticals Limited

**Chintan M. Trivedi**  
**Company Secretary**