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Date: 01st September 2022

Dear Shareholders,

SUB.: COMMUNICATION IN RESPECT OF DEDUCTION OF TAX AT SOURCE ON FINAL DIVIDEND FOR FY 2021-22

We are pleased to inform you that the Board of Directors of your Company at its meeting held on 20th May, 2022 recommended dividend @ Rs. 2/- (Rupees Two) per equity share, having face value of Rs. 10/- each for the financial year ended 31st March, 2022.

The dividend, as recommended by the Board, if approved at the ensuing annual general meeting, will be paid to the equity shareholders holding equity shares of the Company as on the record date i.e., 16th September 2022. The dividend would be paid to the eligible shareholders within a period of 30 days from the date of AGM, electronically, through various online modes to those members who have updated their bank account details or through any other permissible mode, in case where electronic payment is not feasible.

In terms of the provisions of the Income-tax Act, 1961, ("Act"), dividend paid or distributed by a Company on or after 1st April 2020 is taxable in the hands of shareholders. The Company shall therefore deduct tax at source at the time of payment of dividend, at rates based on the category of shareholders and subject to fulfilment of conditions as provided here in below.

The shareholders are requested to update their PAN, Bank account details, email id and Address with the Bigshare Services Private Limited (Registrar and Transfer Agent)- in case of shares held in physical mode) and with the Depositories/ Depository Participants -in case of shares held in demat mode)

This communication provides the applicable Tax Deduction at Source (TDS) provisions under the Income-tax Act for Resident and Non-Resident shareholder categories. The shareholders are requested to refer to the Act for the prescribed rates applicable to them.

A. FOR RESIDENT SHAREHOLDERS:

Tax will be deducted at source ("TDS") under Section 194 of the Act, @ **10%** on the amount of dividend payable, unless exempt under any of the provisions of the Act. However, in case of individuals, TDS would not apply if the aggregate of total dividend distributed to them by the Company during the financial year does not exceed **Rs. 5, 000/- (Rupees Five Thousand only)**. Tax deduction will be subject to the below requirements:

1. In accordance with Section 194 of the Act, tax shall be deducted at source from the dividend amount at rate of **10%** where shareholders have registered their valid PAN with their Depository Participant or Bigshare Services Private Limited ("Bigshare") and at rate of **20%** for cases where the shareholders do not have PAN / have not registered their valid PAN or who have not filed their return of income and are considered non-compliant as per provisions of Section 206AB of the Act.

2. NIL / lower tax will be deducted on dividend payable to the following categories of resident shareholders, on submission of self-declaration as per [Annexure 1](#):

1. **Insurance Companies:** Self declaration that it qualifies as 'Insurer' as per section 2(7A) of the Insurance Act, 1938 and has full beneficial interest with respect to the Equity shares owned by it along with self-attested copy of PAN card and certificate of registration with Insurance Regulatory and Development Authority (IRDA)/ LIC/ GIC.
2. **Mutual Funds:** Self-declaration that it is registered with SEBI and is notified under Section 10 (23D) of the Act along with self-attested copy of PAN card and certificate of registration with SEBI.
3. **Alternative Investment Fund (AIF):** Self-declaration that its income is exempt under Section 10 (23FBA) of the Act, and they are registered with SEBI as Category I or Category II AIF along with self-attested copy of the PAN card and certificate of AIF registration with SEBI.
4. **New Pension System (NPS) Trust:** Self-declaration that it qualifies as NPS trust and income is eligible for exemption under section 10(44) of the Act and being regulated by the provisions of the Indian Trusts Act, 1882 along with self-attested copy of the PAN card.
5. **Other shareholders** exempted from TDS provisions in term of any CBDT circular or notification- Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.
6. In case, shareholders (both individuals or non-individuals) provide certificate under Section 197 of the Act, for lower / NIL withholding of taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the same.

Form 15G/15H in the case of eligible Resident shareholders: No tax shall be deducted in the case of a resident shareholder if the shareholder provides duly signed Form 15G (applicable to individual who is less than 60 years) or Form 15H (applicable to an individual above the age of 60 years), provided that all the prescribed eligibility conditions are met ([Annexure 2](#) & [Annexure 3](#)). **Please note that all fields mentioned in the Form are mandatory and the Company may reject the forms submitted if they do not fulfil the requirement of the law.**

B. FOR NON-RESIDENT SHAREHOLDERS (including Foreign Institutional Investors and Foreign Portfolio Investors):

Tax is required to be withheld in terms of the provisions of Sections 195 and 196D of the Act, at applicable rates in force. As per the relevant provisions of the Act, tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. In case, non-resident shareholders provide a certificate issued under Section 197/195 of the Act, for lower/ Nil withholding of taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the same.

Further, in terms of Section 90 of the Act, non-resident shareholders have the option to be governed by the provisions of the Double Taxation Avoidance Agreement (“DTAA”) between India and the country of tax residence of the shareholder, if the DTAA provisions are more beneficial. To avail the tax treaty benefits, non-resident shareholder(s) will have to provide the following:

- Self-attested copy of PAN card, if any, allotted by the Indian income tax authorities. In case, PAN is not available, the non-resident shareholder shall furnish (a) name, (b) email id, (c) contact number, (d) address in residency country, (f) Tax Identification Number of the residency country ([Annexure 4](#))
- Self-attested copy of Tax Residency Certificate (“TRC”) obtained from the tax authorities (for the period April 2022 to March 2023) of the country of residence of the shareholder
- Self-declaration in Form 10F ([Annexure 5](#))
- Self-declaration (refer below link of Self-Declaration Non- resident) by the non-resident shareholder of meeting the treaty eligibility requirements and satisfying beneficial ownership requirement (Non-resident having PE in India need to comply with the provisions of Section 206AB of the Act) ([Annexure 6](#))
- In case of Foreign Institutional Investors and Foreign Portfolio Investors, self-attested copy of the registration certificate issued by the Securities and Exchange Board of India
- In case of shareholder being tax resident of Singapore, please furnish the letter issued by the competent authority or any other evidence demonstrating the non-applicability of Article 24 -Limitation of Relief under India-Singapore Double Taxation Avoidance Agreement (DTAA).

It is imperative that shareholders independently satisfy their eligibility to claim DTAA benefit including meeting all conditions laid down by DTAA.

The Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non-Resident shareholder.

Notwithstanding anything contained in other part of this communication, where any shareholder is a tax resident of any country or territory notified as a notified jurisdictional area under Section 94A(1) of the Income Tax Act, 1961, tax will be deducted at source at the rate of 30% or at the rate specified in the relevant provision of the Income-tax Act, 1961 or at the rates in force, whichever is higher, from the dividend payable to such shareholder in accordance with Section 94A of the Income Tax Act, 1961.

Accordingly, in order to enable us to determine the appropriate withholding tax rate applicable, **we request you to provide these details and documents as mentioned above, on or before 16th September 2022 (record date)**. Any documents submitted after the record date will be accepted at the sole discretion of the Company.

C. SECTION 206AB OF THE ACT

The Finance Act, 2021, has inter-alia inserted the provisions of Section 206AB of the Income-tax Act, 1961 with effect from July 1, 2021. The provisions of Section 206AB of the Income-tax Act, 1961 require the deductor to deduct tax at higher of the following rates from amount paid/ credited to ‘specified person’:

- at twice the rate specified in the relevant provision of the Act; or
- at twice the rate or rates in force; or
- at the rate of 5%.

In cases where both Sections 206AA (higher rate of TDS at 20% in no PAN cases) and 206AB (non-filer of tax returns) are applicable to a shareholder, tax will be deducted at higher of the two rates prescribed in these Sections. The non-resident who does not have the permanent establishment is excluded from the scope of a ‘specified person’. The Company will be using functionality of the Income-tax department to determine the applicability of Section 206AB of

the Act (as per the Central Board of Direct Taxes Circular No. 11 of 2021 dated 21st June 2021).

To summarise, dividend will be paid after deducting tax at source as under:

- 1. NIL for resident shareholders (individuals) receiving dividend upto Rs. 5,000/- or in case duly filled up and signed Form No.15G / Form No.15H (as applicable) along with self-attested copy of the PAN card is submitted.**
- 2. 10% for other resident shareholders in case copy of PAN card is provided / available.**
- 3. 20% for resident shareholders if copy of PAN card is not provided / not available.**
- 4. Tax will be assessed on the basis of documents submitted by the non-resident shareholders.**
- 5. 20% plus applicable surcharge and cess for non-resident shareholders in case the relevant documents are not submitted.**
- 6. Lower/ NIL TDS on submission of self-attested copy of the valid certificate issued under Section 197 of the Act.**

The above-mentioned rates will be subject to applicability of Section 206AB of the Act.

In terms of Rule 37BA of the Income Tax Rules 1962, if dividend income on which tax has been deducted at source is assessable in the hands of a person other than the deductee, then such deductee should file declaration with Company in the manner prescribed in the Rules.

In case tax on dividend is deducted at a higher rate in the absence of receipt or due to defect in any of the aforementioned details / documents, you will be able to claim refund of the excess tax deducted by filing your income tax return. No claim shall lie against the Company for such taxes deducted. The Company is obligated to deduct tax at source (TDS) based on the records available with RTA and no request will be entertained for revision of TDS return.

D. UPDATION OF PAN, EMAIL ADDRESS, BANK AND OTHER DETAILS:

While on the subject, we request you to submit / update your bank account details with your Depository Participant, in case you are holding shares in the electronic form. In case your shareholding is in the physical form, you will have to submit a scanned copy of a covering letter, duly signed by you, along with a cancelled cheque leaf with your name and bank account details and a copy of your PAN card, duly self-attested, with "Bigshare". This will facilitate receipt of dividend directly into your bank account. In case the cancelled cheque leaf does not bear your name, please attach a copy of the bank pass-book statement, duly self-attested.

Kindly note that the aforementioned documents are required to be mailed at tds@bigshareonline.com and companysec@chemcrux.com.

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).

The Company will use the mechanism prescribed by Income tax department to verify if a shareholder is a 'specified person' under Section 206AB of the Income Tax Act and basis the result provided, the Company will apply higher rates under Section 206AB of the Income Tax Act on those shareholders who are covered as 'specified person' under Section 206AB of the IT Act.

Clearing member should ensure that as on record date no shares are lying in their account and shares are transferred to respective shareholder's account so that dividend is credited directly to shareholder's account and not to the clearing member's account.

Determination of withholding tax rate is subject to necessary verification by the Company of the shareholder details as available with the Depository Participant in case shares are held in

dematerialized form; or RTA in case shares are held in physical form as on the Record Date, and other documents available with the Company / RTA. In this respect, the company reserves the right to independently verify the PAN number of the shareholder from the National Securities Depository Ltd. ('NSDL') utility and if the same is found contrary to the PAN quoted/ provided, the company will disregard the PAN and proceed as per the prevalent law.

Shareholders holding shares under multiple accounts under different residential status / category and single PAN, may note that, higher of the tax rate as applicable to different residential status/ category will be considered for their entire shareholding under different accounts.

The documents furnished by the shareholders (such as Form 15G/15H, Form 10F, Self-Attested Declaration etc.) shall be subject to review and examination by the Company before granting any beneficial rate or NIL Rate. The Company reserves the right to reject the documents in case of any discrepancies or the documents are found to be incomplete.

In case withholding tax is deducted at a higher rate, an option is still available with the shareholder to file the return of income and claim an appropriate refund. No claim shall lie against Company for any taxes deducted by the Company.

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.

These documents should reach us on or before Friday, 16th September 2022 in order to enable the Company to determine and deduct appropriate TDS/withholding tax rate. No communication on the tax determination/deduction shall be entertained post Friday, 16th September 2022.

For seeking any further clarification, please write to tds@bigshareonline.com and companysec@chemcrux.com You may contact the RTA as per details given below:

Bigshare Services Private Limited

Office No S6-2, 6th Floor, Pinnacle Business Park,
Next to Ahura Centre, Mahakali Caves Road,
Andheri (East) Mumbai – 400093.

Telephone No.: 022 – 62638200

Email: tds@bigshareonline.com

Your co-operation in this regard is solicited.

Thanking you,

Yours faithfully,

For Chemcrux Enterprises Limited

Sd/-

Dipika Rajpal

Company Secretary & Compliance Officer

This communication along with all the annexures is available on the website of the Company www.chemcrux.com under Investor Info > Corporate announcements.

Disclaimer: The information set out herein above 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.