

Mail Subject: "KRBL Limited- Tax Deduction at Source (TDS) on Payment of Dividend, updating of Bank Account and E-mail Address"



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"Communication on Tax Deduction at Source (TDS) on Dividend Distribution"

THIS COMMUNICATION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Dear Shareholder,

We hope that you and your family is doing well and are safe and healthy.

We wish to inform you that the Board of Directors of the Company, at its meeting held on May 20 2024, have recommended a final dividend of Rs. 4.00 (400%) per Equity Share of face value of Re. 1/- each for the Financial Year 2023-24 and the same would be payable, subject to approval of the Shareholders at the ensuing 31st Annual General Meeting ("**AGM**") of the Company. The final dividend, if approved by the shareholders, will be paid within thirty days from the date of AGM to the Shareholders whose names are appearing on the Register of Members of the Company as on Record Date. The same shall be paid on the basis of details of beneficial ownership, to be received from the Depository Participants ("**DPS**") and Registrar and Share Transfer Agent ("**RTA**") M/s. Alankit Assignments Limited, Alankit House, 4E/2, Jhandewalan Extension, New Delhi-110055, for this purpose.

As per the Income-tax Act, 1961 ("**the Act**") as amended by the Finance Act, 2020, any dividend paid or distributed by a Company on or after April 1, 2020 shall be taxable in the hands of the shareholders. Further, the Company will be required to deduct tax at source ("**TDS**"), at the rates applicable to each category of shareholder at the time of making the payment of dividend. The TDS rate may vary depending on the residential status of the shareholder and the documents submitted to the Company in accordance with the provisions of the Act and rules framed thereunder.

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

This communication summarizes the applicable TDS provisions as per the Act and rules framed thereunder, for Resident and Non- Resident Shareholders categories along with documents which are required to be submitted by the shareholders to avail the benefits of Lower/Nil Rate of TDS are mentioned below:

A. RESIDENT SHAREHOLDERS

Sr. No.	Particulars	TDS Rate	Documents Required
1	Valid Permanent Account Number (PAN) updated in the Company's Register of Members.	10%	None
2	Inoperative PAN (PAN and Aadhar not linked), no PAN or valid PAN but not updated in the Company's Register of Members.	20%	None
3	If the Shareholder submits Certificate of Lower/Nil rate of tax deduction issued U/s 197 of the Income-tax Act, 1961.	Rate specified in the Certificate received from Income Tax Department.	Self-attested copy of lower/Nil tax deduction certificate issued by Income Tax Authority.
4	Availability of Circular/ Notification containing Lower/ Nil tax deduction.	Rate specified in Circular/ Notification.	Self-attested copy of lower/Nil tax deduction Circular/ Notification issued by competent authority.

Non-deduction of TDS from dividend payment

No TDS will be deducted on payment of dividend to the resident individual Shareholder, if the total dividend paid during a financial year does not exceed Rs. 5,000 (Rupees Five Thousand only). TDS will be deducted subject to the below requirements:

Where, the Permanent Account Number (PAN) is available and such PAN is valid/ operative as per the provisions of the Act:

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 and at rate of 20% for cases where the shareholders do not have PAN / have not registered their valid PAN. Further, the shareholders are also requested to ensure their Aadhar number is linked to their PAN. In case of failure to link Aadhar with PAN, the PAN shall be treated as invalid in accordance with the proviso to Section 139AA (2) read with Rule 114AAA of the Act and TDS shall get attracted accordingly.

Further, no TDS will be deducted on dividend payment to resident Shareholders if the Shareholders submit the details given in the formats/ Forms duly signed provided that all the prescribed eligibility conditions are met, along with the documents mentioned in Column No.3 in the below table, with the Company:

Sr. No. (1)	Particulars (2)	Exemption applicability / Documents required (if any) (3)
1	Shareholders who submit Form 15G/15H as prescribed under Income-tax Rules, 1962.	Duly signed Form No. 15G (applicable to an Individual) / Form 15H (applicable to an Individual who is 60 years and above), fulfilling all the required eligibility conditions along with self-attested copy of PAN card. (Click here) to download Form 15G. (Click here) to download Form 15H. Please note that all the fields are to be mandatorily filled up and Company may at its sole discretion reject the forms if it does not fulfil the requirements of law.
2	Shareholders to whom section 194 of the Act does not apply such as LIC, GIC, Business Trust (REIT, InVIT) etc.	Self-declaration that it qualifies as an Insurer as per Section 2(7A) of the Insurance Act, 1938 and has full beneficial interest with respect to the Equity shares owned, along with self-attested copy of PAN card and registration certificate issued by Insurance Regulatory and Development Authority (IRDA)/LIC/GIC. (Click here) to download the format of declaration.
3	Shareholder covered u/s 196 of the Act such as Government, RBI, Mutual Funds specified u/s 10(23D), corporations established by Central Act and exempt from Income Tax.	Self-declaration specifying the specific Central Act under which such corporation is established and that their income is exempt under the provisions of Income-tax Act, 1961, along with Self-attested copy of the documentary evidence supporting the exemption status and PAN card. (Click here) to download the format of declaration.
4	Category I and II Alternative Investment Fund (AIF) established / incorporated in India.	Self-declaration that its income is exempted under Section 10(23FBA) of the Income-tax Act, 1961 and that it is governed under the Regulations issued by Securities and Exchange Board of India (SEBI), as Category I

		<p>or Category II AIF along with self-attested copy of the PAN card and registration certificate issued by SEBI.</p> <p>(Click here) to download the format of declaration.</p>
5	Mutual Funds	<p>Self-declaration that it is governed by the provisions of Section 10(23D) of the Income-tax Act, 1961 along with self-attested copy of PAN card and registration certificate issued by SEBI.</p> <p>(Click here) to download the format of declaration.</p>
6	<p>a) Recognised Provident Funds</p> <p>b) Approved Superannuation Fund</p> <p>c) Approved Gratuity Fund</p>	<p>a) Self-attested copy of a valid order from Commissioner of Income Tax under Rule 3 of Part A of Fourth Schedule to the Act, or self-attested valid documentary evidence in support of the provident fund being established under a scheme framed under the Employees Provident Funds Act, 1952 along with self-attested copy of PAN Card.</p> <p>b) Self-attested copy of valid approval granted by the Commissioner of Income Tax under Rule 2 of Part B of Fourth Schedule to the Act in support of Superannuation Fund.</p> <p>c) Self-attested copy of valid approval granted by the Commissioner of Income Tax under Rule 2 of Part C of Fourth Schedule to the Act in support of Gratuity Fund.</p>
7	New Pension System Trust	<p>Self-declaration that it qualifies as NPS Trust and income is eligible for exemption under Section 10(44) of the Income-tax Act, 1961 and being regulated by the provisions of the Indian Trusts Act, 1882 along with self-attested copy of PAN card.</p> <p>(Click here) to download the format.</p>

8	Any other entity entitled to exemption from TDS	Self-declaration along with Valid self-attested documentary evidence (e.g. relevant copy of registration, notification, order etc.) in support of the entity being entitled to exemption from TDS along with self-attested copy of PAN card.
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B. NON-RESIDENT SHAREHOLDERS

Sr. No.	Particulars	Tax Deduction Rate	Exemption applicability / Documents required (if any)
1	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)/ Other Non-resident Shareholders	20% (plus applicable surcharge and cess)	<p>FIIs/FPIs/ Other Non-resident Shareholders may opt for tax rate under Double Taxation Avoidance Agreement (DTAA)/ Tax Treaty. The DTAA / Tax Treaty rate shall be applied for TDS on submission of following documents to the Company:</p> <ul style="list-style-type: none"> - Self-attested copy of the PAN Card, if any, allotted by the Indian Income Tax Authority. If the PAN is not allotted, please provide your name, address, email address, contact number, tax identification number allotted in the country of residence. (Click here) to download the format. - Self-attested copy of valid Tax Residency Certificate (TRC) obtained from the Income Tax Authority of the Country of which the Shareholder is a resident. In case the TRC is furnished in a language other than English, the said TRC would have to be translated to English language, duly notarized and apostilled copy of the TRC to be provided. <p>Recently CBDT vide Notification No. 03/2022 dated 16 July 2022 mandated furnishing inter-alia of Form 10F electronically. Accordingly, non-residents shareholders are requested to furnish the information as required in</p>

Sr. No.	Particulars	Tax Deduction Rate	Exemption applicability / Documents required (if any)
			<p>Form 10F electronically and submit the copy of the same to the company.</p> <p>Further, vide CBDT Notification dated December 13, 2022, a relaxation has been provided to the person not having PAN and not required to have PAN in India from electronically filing of Form 10F. Where a person is eligible for the said relaxation, they are requested to furnish the information as requested in Form 10F manually and submit a copy of the same to the Company along with a declaration that the person does not have a PAN and is not required to have PAN in India.</p> <ul style="list-style-type: none"> - Shareholders needs to mandatorily provide digital Form 10F covering the period from April 1, 2024 to March 31, 2025 (Click here) to download the format. - Self-declaration by Shareholder for compliance to the eligibility requirement of DTAA/ tax treaty and satisfying beneficial ownership requirement for the period April, 2023 to March, 2024. (Click here) to download the format. - For FIIs/FPIs, self-attested copy of Registration Certificate issued by SEBI. <p>Please note that Company is not obligated to apply the beneficial DTAA/Tax Treaty rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial DTAA/Tax Treaty rates shall depend upon the completeness and satisfactory review by the Company of the documents submitted by the shareholders.</p>

Sr. No.	Particulars	Tax Deduction Rate	Exemption applicability / Documents required (if any)
2	Alternative Investment Fund – Category III located in International Financial Services Centre	10% (plus applicable surcharge and cess)#	- Copy of PAN card (if available) - Self-declaration along with adequate documentary evidence substantiating the nature of the entity. (Click here) to download the format.
3	Non-Resident Shareholders who are tax residents of Notified Jurisdictional Area as defined u/s 94A(1) of the Act	30%	NA
4	Availability of Lower/Nil tax deduction certificate issued by Income Tax Department U/s 195/ 197 of Income-tax Act, 1961.	Rate specified in certificate	Lower /Nil tax deduction certificate issued by Income Tax Authority shall be considered based on submission of self-attested documents.

#In case PAN is not updated with the Company's RTA or depository; or PAN is not available; and information sought in the declaration are not provided, higher rate of withholding tax as per section 206AA shall be applied.

TDS to be deducted at higher rate in case of non-filers of Return of Income

The Finance Act, 2021 has, *inter-alia*, inserted Section 206AB in the Income-tax Act, 1961 (the Act) with effect from 1st July, 2021. The provisions of Section 206AB of the Act, require the deductor to deduct tax at higher of following rates from amount paid/credited to "Specified Person":

- i. At twice the rate specified in the relevant provisions of the Act; or
- ii. At twice the rate or rates in force; or
- iii. At the rate of 5%.

The term "Specified Person" means a person who satisfies both the following conditions:

- a) has not filed the Return of Income for the Assessment Year relevant to the immediate Previous Year for which time limit for filing the Return of Income has expired i.e. FY 2022-23 in the present case; and
- b) the aggregate of tax deducted and collected at source exceeds Rs.50,000/- in the said previous year.

Non-resident who does not have the permanent establishment in India is excluded from the definition of 'Specified Person'.

To comply with the requirements of the aforesaid Section 206AB, please confirm whether you fall in the category of specified person, as mentioned in the said section. ([Click here](#)) to download the format.

For All Shareholders:

1. Shareholders 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 held under a PAN will be considered on their entire holding in different accounts.
2. In case tax on dividend is deducted at a higher rate in the absence of receipt of the aforementioned complete details / documents, Shareholder still has an option of claiming refund of the excess tax deducted at the time of filing his income tax return by consulting his tax advisor. **No claim shall lie against the Company for such taxes deducted at source.**
3. All the above referred tax rates will be enhanced by surcharge and cess, wherever applicable.
4. For all self-attested documents, Shareholders must mention on the document "certified true copy of the original". For all documents being provided by the Shareholder, the Shareholder undertakes to send the original document(s) on request by the Company.
5. Above communication on TDS sets out provisions of the Income-tax Act, 1961 as applicable, in a summary manner only, and does not purport to be a complete analysis or listing of all potential tax consequences. This communication shall not be treated as an advice from the Company. Shareholders should consult with their own tax advisors for the tax provisions that may be applicable to them.
6. The Company will arrange to send copy of the TDS certificate at the email Id registered with Depository/ RTA. Shareholders can also view the tax deducted at source on Dividend income paid to them by the Company from Income Tax Department's website <https://eportal.incometax.gov.in> (refer to Form 26AS).
7. Application of TDS rate is subject to necessary verification by the Company of the Shareholder details as available in Register of Members as on Record Date / Book Closure Date and other documents available with the Company or its RTA.
8. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be 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-operation in any appellate proceedings.
9. In the event of a mismatch in category of shareholder (individual, company, trust, partnership, local authority, Government, Association of Persons, etc.) as per register of members and as per fourth letter of PAN (10 digit alpha-numeric number), the Company would consider fourth letter of PAN for determining the category of shareholders and the applicable tax rate/surcharge/education cess.
10. **Kindly note that the Signed/Certified/Self attested copies of all the aforesaid requisite Annexures, Forms such as 15G/15H/10F, documents /certificates/order/notification/circular, etc. issued under section 195/196/197/197A of the Income-tax Act, 1961, Registration Certificate, Tax Residency Certificate, Lower Tax certificate, etc. needs to be uploaded on the website of the RTA <https://einward.alankit.com> or the same may also be send to the Company, addressed to Company Secretary, KRBL Limited, C-32, 5th and 6th Floor, Sector-62, Noida, U.P. -201301 or @ email Id investor@krblindia.com on or before September 2, 2024 to enable the company to determine appropriate tax rate. Any communication in relation to tax rate determination post September 2, 2024 shall not be considered.**

OTHER IMPORTANT INFORMATION

- a) SEBI vide its Circular dated June 10, 2024, in supersession of its earlier circulars in this regard, has reiterated that the security holders holding securities in physical form whose folio(s) do not have PAN, Choice of Nomination, Contact Details, Bank Account Details and Specimen Signature updated, shall be eligible:
- i. to lodge grievances or avail any service request from the RTA only after furnishing PAN, KYC details and Nomination.
 - ii. for any payment including dividend, interest or redemption payment in respect of such folios, only through electronic mode with effect from April 01, 2024.
- b) SEBI has mandated the submission of PAN by every participant in the securities market. Accordingly, members holding shares in electronic form are requested to submit/update their PAN with the DPs with whom they maintain their demat accounts. Members holding shares in physical form should submit/update their PAN with the Company or its RTA.
- c) To receive the dividend and all communications / Annual Reports / Notices in electronic mode, Shareholders holding Shares in electronic form are requested to register / update their complete bank details and e-mail address with their DPs. Shareholders holding Shares in physical form are requested to submit the following documents to the Company or its RTA:
- Signed request letter which shall contain the first/sole shareholder's name, folio number, bank details (Bank account number, Bank and Branch Name and address, IFSC, MICR details), contact number and valid E-mail address;
 - Self-attested copy of PAN card and address proof (Aadhar/Voter ID Card/passport/utility bill); and
 - Cancelled cheque leaf.
- d) Shareholders holding shares in multiple folios in physical mode are requested to apply for consolidation of their folios to the Company or RTA along with relevant share certificates.
- e) The Forms/ Formats stated in this email may also be downloaded from the Investor Relations Section on the website of KRBL Limited: www.krblrice.com.

We seek your co-operation in the matter.

Warm Regards,

For KRBL Limited

Sd/-

Piyush Asija

Company Secretary