

PSL/CS/SE/REG-47/22-23
22nd August, 2022

Corporate Relationship Department
BSE Limited
1st Floor, P. J. Towers
Dalal Street,
Mumbai - 400 001.

COMPANY CODE NO:-4166 (SCRIP CODE : 513511)

Sub: Communication to Shareholders: Dividend for FY 2021-22 - Intimation on Tax Deduction at Source (TDS) / withholding tax on Dividend

Dear Sir/Madam,

Pursuant to the changes introduced by the Finance Act, 2020, Dividend Distribution Tax has been abolished w.r.f. 1st April, 2020 and the Dividend income has become taxable in the hands of the shareholders.

In this regard, please find enclosed an e-mail communication which has been sent to all the shareholders whose email addresses are registered with the Company / RTA or Depositories inter alia indicating the process and documentation required for claiming tax exemption on dividend.

This is for your information and records.

Thanking You,

Yours faithfully
For Panchmahal Steel Limited



Deepak Nagar
GM (Legal) & Company Secretary



E-mail : shares@panchmahalsteel.co.in

Encl : as above

THIS COMMUNICATION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Ref : Folio /DP Id & Client Id : _____
 Name of the Shareholder : _____

Date: August 18, 2022

Dear Shareholder,

We are pleased to inform you that the Board of Directors at their Meeting held on May 16, 2022 have recommended a Dividend of Rs. 4/- per Equity Share of face value of Re. 10/- each (40%) for the Financial Year ended March 31, 2022. The said Dividend will be paid to eligible members, post approval of the shareholders at the ensuing 49th Annual General Meeting of the Company scheduled on Friday, the 23rd day of September, 2022.

As you are aware that as per the Income-tax Act, 1961, (IT Act) as amended by the Finance Act, 2020, dividends paid or distributed by a Company after April 1, 2020 shall be taxable in the hands of the shareholders. The Company shall therefore be required to deduct tax at source at the time of making the payment of the said Dividend, if declared at the above AGM.

Further the Finance Act, 2021, has brought in Section 206AB effective from July 1, 2021, wherein tax would be deducted at higher rates (twice the specified rate) on payment of dividends to a person who has not filed their returns of income for two years immediately preceding the year in which tax is required to be deducted and the aggregate of tax deducted at source and collected at source is Rs. 50,000/- or more in each of these two years. The Finance Act, 2022 has further reduced the above period of consideration for non-filing of returns as well as for exceeding the TDS threshold prescribed to 1 year. The Company is accordingly required to deduct TDS twice the rate specified under the IT Act in respect of payment of dividend to such persons/shareholders.

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 IT Act. TDS rates for various categories of shareholders along with required documents are provided in Table 1 and 2 below:

Table 1: Resident Shareholders

Category of shareholder	Tax Deduction Rate	Exemption applicability/ Documentation requirement
Any resident shareholder	10%	<p>Update the PAN if not already done with depositories (in case of shares held in Demat mode) and with the Company's Registrar and Transfer Agents – MCS Share Transfer Agent Limited (in case of shares held in physical mode).</p> <p>No deduction of taxes in the following cases -</p> <ul style="list-style-type: none"> • If dividend income to a resident Individual shareholder during FY 2022-23 does not exceed Rs. 5,000/-; • If shareholder is exempted from TDS provisions through any circular or notification and provides an attested copy of the PAN along with the documentary evidence in relation to the same; and • Eligible shareholder providing Form 15G (applicable to any person other than a Company or a Firm)/ Form 15H (applicable to an Individual above the age of 60 years) on fulfilment of prescribed conditions, refer Annexure 1 and Annexure 2 respectively.

Order under Section 197 of the Income Tax (IT) Act	Rate provided in the order	Lower/NIL withholding tax certificate obtained from Income Tax authorities.
Insurance Companies: Public & Other Insurance Companies	NIL	Documentary evidence that the provisions of Section 194 of the IT Act are not applicable. (Annexure 3)
Corporation established by or under a Central Act which is, under any law for the time being in force, exempt from income- tax on its income.	NIL	Documentary evidence that the person is covered under Section 196 of the IT Act. (Annexure 3)
Mutual Funds	NIL	Documentary evidence that the person is covered under Section 196 of the IT Act. (Annexure 3)
Alternative Investment fund (Category I and Category II)	NIL	Documentary evidence that the person is covered by Notification No. 51/2015 dated 25 June 2015. (Annexure 3)
Other resident shareholder without PAN/Invalid PAN or a person who is considered as specified person u/s 206AB	20%	

Please note that:

- a) **Recording of the valid Permanent Account Number (PAN) for the registered Folio/DP ID-Client Id is mandatory. In absence of valid PAN, tax will be deducted at a higher rate of 20% as per Section 206AA of the IT Act.**
- b) **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.**
- c) **In the case of persons categorized as a specified person as per Section 206AB of the IT Act, a higher rate of 20% shall apply. The list of 'specified person' for the purpose of section 206AB shall be obtained at the time of deduction of TDS, from the reporting portal utility made available by the Income Tax department as per the CBDT Circular No. 11/2021 dated 21.06.2021.**
- d) **Transferring credit to the beneficial owner - As per Rule 37BA, in the case where the dividend is received in the hands of one person but is assessable in the hands of other person, the tax may be deducted in the name of such other person if the first-mentioned person provides a declaration as prescribed in this regard. The aforesaid declaration shall contain (i) name, address, PAN, and residential status of the person to whom credit is to be given; (ii) payment in relation to which credit is to be given; and (iii) the reason for giving credit to such person. We request you to provide such details latest by September 15, 2022. ([Refer to Annexure 4](#))**

Table 2: Non-resident Shareholders

Category of shareholder	Tax Deduction Rate	Exemption applicability/ Documentation requirement
Any non-resident shareholder, including Foreign Institutional Investors (FIIs) and Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess) or Tax Treaty rate, whichever is lower.	<p>Non-resident shareholders may opt for tax rate under Double Taxation Avoidance Agreement ("Tax Treaty"). The Tax Treaty rate shall be applied for tax deduction at source on submission of following documents to the Company -</p> <ul style="list-style-type: none"> • Copy of the PAN Card, if any, allotted by the Indian authorities; • Self-attested copy of Tax Residency Certificate (TRC) valid as on the AGM date obtained from the tax authorities of the country of which the shareholder is resident; • Self-declaration in Form 10F in the attached form. (Refer to Annexure 5); • Self-declaration confirming not having a Permanent Establishment in India and eligibility to Tax Treaty benefit (Format attached - Annexure 6). <p>TDS shall be recovered at 20% (plus applicable surcharge and cess) if any of the above mentioned documents are not provided.</p>
Submitting Order under Section 197 of the IT Act	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from Income Tax authorities.
Sovereign Wealth Funds and Pension funds notified by Central Government u/s 10(23FE) of the IT Act	NIL	<ul style="list-style-type: none"> • Copy of the notification issued by CBDT substantiating the applicability of section 10(23FE) of the IT Act issued by the Government of India. • Self-Declaration that the conditions specified in section 10(23FE) have been complied with
Subsidiary of Abu Dhabi Investment Authority (ADIA) as prescribed under section 10(23FE) of the IT Act	NIL	Self-Declaration substantiating the fulfilment of conditions prescribed under section 10(23FE) of the IT Act
Non-Resident Shareholders who are tax residents of Notified Jurisdictional Area as defined u/s 94A(1) of the IT Act	30%	NA

Note:

- a) 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.

- b) In the case of persons categorized as a specified person as per Section 206AB, a higher rate of 40% (plus applicable surcharge and cess) shall apply if the non-resident has a permanent establishment ('PE') in India. For this purpose, the expression PE includes a fixed place of business through which the business of the non-resident is wholly or partly carried on. The list of 'specified person' for the purpose of section 206AB shall be obtained at the time of deduction of TDS, from the reporting portal utility made available by the Income Tax department as per the CBDT Circular No. 11/2021 dated 21.06.2021.
- c) The Company is not obligated to apply the beneficial tax rate as specified in the respective Tax Treaty at the time of tax deduction/withholding on dividend amounts. Application of Tax Treaty rate shall depend upon the completeness of the documents submitted by the non-resident shareholder and its satisfactory review by the Company in accordance with the provisions of the IT Act.

Kindly note that the documents as mentioned in the Table 1 and 2 above are required to be emailed to us at email ID tax@panchmahalsteel.co.in and also at mcsLtdbaroda@gmail.com on or before **15th September, 2022** in order to enable the Company to determine and deduct appropriate TDS / withholding tax rate. **No communication/documents on the tax determination / deduction shall be considered post 11:59 PM (IST) of 15th September, 2022.**

No claim shall lie against the Company for such taxes deducted.

The Company will arrange to email a soft copy of the TDS certificate at the shareholders registered email ID in due course, post payment of the said Final Dividend. Shareholders will also be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at <https://eportal.incometax.gov.in/iec/foervices/#/login>.

In case tax on dividend is deducted at a higher rate in the absence of receipt of the aforementioned details/ documents, you would still have the option of claiming refund of the excess tax paid at the time of filing your income tax return. No claim shall lie against the Company for such taxes deducted.

Shareholders are requested to ensure updation of Valid PAN– linked to Aadhar, Residential status, PAN category against their account, besides updation of Bank details against their demat account maintained with their Depository Participant and their folio number with the Company.

We request your co-operation in this regard.

Thanking you,

Yours faithfully,

For **Panchmahal Steel Limited**

Sd/-

Deepak Nagar

GM (Legal) & Company Secretary

A-7960

Disclaimer: This communication shall not be treated as advice from the Company or its Registrar & Transfer Agent. Shareholders should obtain the tax advice related to their tax matters from a tax professional.

Note: This is a system-generated e-mail. Please do not reply to this e-mail.

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