



Pharmaceuticals Limited

**Registered & Corporate Office :**

Plot No. 72, H. No. 8-2-334/3 & 4, Road No. 5,  
Opp. SBI Executive Enclave, Banjara Hills,  
Hyderabad - 500 034, Telangana, INDIA.

Tel : +91-40-2525 9999, Fax : +91-40-2525 9889

CIN : L24239TG1987PLC008066

Email: info@smspharma.com, www.smspharma.com

Date: 25<sup>th</sup> August, 2022

To  
The Manager,  
Corporate Filings Department,  
BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai- 400 001.

The Manager,  
Listing Compliance Department,  
National Stock Exchange of India Ltd.  
Exchange Plaza, Plot no. C/1, G Block,  
Bandra-Kurla Complex, Bandra (E),  
Mumbai - 400 051.

**Security Code: 532815**

**Symbol: SMSPHARMA**

Dear Sir/Madam,

**Sub: Communication to shareholders on Tax Deduction at Source ("TDS") on dividend payout.**

We wish to inform you that the Company has sent a detailed communication on 24<sup>th</sup> August, 2022 to all the Shareholders, whose email IDs are registered with the Company/Depositories, indicating information regarding deduction of Income Tax at source on dividend and the process and documentation required for claiming exemption from deduction / withholding of tax on dividends.

A specimen copy of the said communication sent to the shareholders is enclosed.


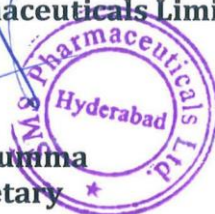
This communication is also being made available on the website of the Company [www.smspharma.com](http://www.smspharma.com) at Investors Section.

Please take the above intimation on your records.

Thanking you

Yours faithfully

**For SMS Pharmaceuticals Limited**

  
  
**Thirumalesh Tunna**  
**Company Secretary**

Encl: a/a



## **SMS PHARMACEUTICALS LIMITED**

Registered Off: Plot.No.72, H.No. 8-2-334/3&4,  
Road No. 5, Opp. SBI Executive Enclave,  
Banjara hills, Hyderabad, Telangana, India 500034  
Tel.: +91-40-2525 9999/ 3535 9999  
Email: [complianceofficer@smspharma.com](mailto:complianceofficer@smspharma.com); [cs@smspharma.com](mailto:cs@smspharma.com)  
Website: [www.smspharma.com](http://www.smspharma.com) CIN: L24239TG1987PLC008066

Date: 24<sup>th</sup> August, 2022

Dear Shareholder,

**Sub: SMS Pharmaceuticals Limited - Communication on Tax Deduction at Source ("TDS") on dividend payout for the Financial Year 2021-22.**

We are pleased to inform that the Board of Directors (the 'Board') of SMS Pharmaceuticals Limited ('Company') at its meeting held on 30<sup>th</sup> May, 2022, recommended for payment of Dividend of Re.0.30 Paise (30%) per equity share of face value of Rs.1/-each for the financial year 2021-22. The Dividend will be paid subject to approval of the members at the ensuing Annual General Meeting (AGM) scheduled to be held on 30<sup>th</sup> September, 2022.

The Company has fixed **23<sup>rd</sup> September, 2022 as the "Record Date"** for determining eligibility of shareholders to receive dividend and the dividend will be paid on or after 30<sup>th</sup> September, 2022.

This communication is being made to the shareholders of the Company with regard to deduction of TDS while payment of their dividend as per relevant provisions of Income Tax Act, 1961.

**Dividend income is taxable in the hands of shareholders and the Company is required to deduct TDS at the prescribed rates from dividend paid to shareholders. The shareholders are requested to refer to the Income Tax Act, 1961 for the prescribed tax rates applicable to them.**

Needless to mention, the Permanent Account Number ("PAN") will be mandatorily required to be provided.

Please note that:

1. Section 206AB has been introduced by the Finance Act, 2021, whereby TDS will be higher of the following:
2. Twice the rate specified in the relevant provision of the Income-tax Act; or
3. Twice the rate or rates in force; or
4. The rate of 5%;

In case a person has not filed his/her Return of Income for each of the two preceding financial years and the aggregate of tax deducted at source (TDS) including tax collected at source (TCS) in his/her case is Rs.50,000 or more in each of these two financial years. The aggregate amount of TDS / TCS of Rs. 50,000 in a year is not limited to TDS only on dividend income received by the shareholder but will include all TDS transactions of the shareholder during the relevant financial year. These provisions will be effective from July 01, 2021. The shareholders required to provide a self-declaration to this effect. <https://incometaxindiaefiling.gov.in> for the format of self - declaration.

The rate of deduction of TDS from dividend would vary depending on the residential status of the shareholder under the Income Tax Act, as informed by the Depository Participant /Aarthi Consultants Private Limited (Aarthi Consultants), the Registrar and Share Transfer Agents (RTA) of the Company. Such requests for change in residential status shall be submitted with respective Depository Participant (DP) / RTA along with requisite documents. It is reiterated that the residential status as informed by the DP/RTA as per their records as on the Record Date will be the final for determination of rate of tax to be deducted from payment of dividend to the respective shareholder.

#### **A. Resident Shareholders:**

##### **1. Rate of Tax Deductible at Source from dividend:**

<b>Sl.no</b>	<b>Particulars</b>	<b>Withholding tax rate</b>	<b>Declaration / documents required</b>
1	Valid PAN updated in the Company's Register of Members	10%	No document is required. In case of resident individual shareholders, if dividend amount does not exceed Rs.5,000/-, no tax will be deducted except in the circumstances detailed at Note (5) given below.
2	No PAN/Valid PAN not updated in the Company's Register of Members	20%	Tax will be deducted, regardless of dividend amount. Please refer Note (5) given below.  All the shareholders are requested to update, on or before the Record Date, their PAN with their Depository Participant (if shares are held in electronic form) and Company / Aarthi Consultants (if shares are held in physical form). Please quote all the folio numbers under which you hold your shares while updating the PAN details.
3	Availability of lower/nil tax deduction certificate issued by Income Tax Department u/s 197 of the Act	Rate specified in the certificate	Lower tax deduction certificate obtained from Income Tax Authority is to be submitted on or before the Record Date. Else the tax will be deducted at applicable rate of tax depending on residential status and status category of the shareholder.

**2. No Tax on dividend payment to resident shareholders will be deducted, if the Shareholders submit any of the documents listed below with the Company / Aarthi Consultants/ Depository Participant on or before the Record Date i.e, 23<sup>rd</sup> September, 2022**

Sl. No.	Particulars	Withholding tax rate	Documents Required/Remarks
1	Submission of form 15G/15H	Nil	Declaration in Form No. 15G (applicable to an individual who is below 60 years) / Form 15H (applicable to an individual who is 60 years and above), fulfilling certain conditions. Please quote all the folio numbers under which you hold your shares in Declaration in Form No. 15G/15H
2	Shareholders to whom Section 194 of the Income Tax, 1961 does not apply as per second proviso to Section 194 such as LIC, GIC. etc.	Nil	Self-declaration that it has full beneficial interest with respect to the shares owned by it along with self-attested copy of PAN card and copy of registration certification issued by the IRDAI.
3	Shareholder covered u/s 196 of Income Tax Act, 1961 such as Government, RBI, Corporations established by Central Act & Mutual funds.	Nil	Documentary evidence for coverage u/s 196 of Income Tax Act, 1961  <u>Corporation established by Central Act:</u>  Certificate of registration which indicates that it is Corporation established under central act and its income is exempt from income tax  <u>Mutual fund:</u>  Self-declaration that they are specified in Section 10 (23D) of the Act along with self-attested copy of PAN card and registration certificate.
4	Category I and II alternative Investment Fund (AIF)	Nil	SEBI registration certificate to claim benefit under section 197A (1F) of Income Tax Act, 1961.  Self-declaration that they are specified in Section 10 (23FBA) of the Act and established as Category I or II AIF under the SEBI regulations along with self-attested copy of PAN card and registration certificate issued by SEBI.
5	➤ Recognized provident Funds	Nil	Necessary documentary evidence as per Circular No. 18/2017 issued by Central Board of Direct Taxes (CBDT).

	<ul style="list-style-type: none"> <li>➤ Approved Superannuation fund</li> <li>➤ Approved gratuity fund</li> </ul>		
6	National Pension Scheme	Nil	<p>No TDS/ withholding tax as per section 197A (1E) of Income Tax Act, 1961</p> <p>Self-declaration that they are governed by the provisions of section 10(44) [Subsection 1E to Section 197A] of the Act and self-attested copy of PAN card and registration certificate.</p>
7	Any resident shareholder exempted from TDS deduction as per the provisions of Income Tax Act or by any other law or notification	Nil	Necessary documentary evidence substantiating exemption from deduction of TDS

#### B. Non-Resident Shareholders:

The normal rate of tax to be deducted from payment of dividend to non-resident shareholders is 20% plus applicable Surcharge and Additional Surcharge (Cess).

In case of shareholders listed below, on submission of the requisite documents listed in column (3) of the table below with the Company / Aarthi Consultants, the tax will be deducted at applicable rate mentioned in Column (2) of the below table:

Sl. No	Category	Withholding tax rate	Documents Required/Remarks
1.	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)/ Other Non-Resident shareholders	20% (plus applicable Surcharge and cess) or tax rate as per Applicable treaty, which-ever is beneficial	<p>FPI / FII registration certificate in case of FIIs / FPIs.</p> <p>To avail beneficial rate of tax treaty following documents would be required to submit:</p> <ol style="list-style-type: none"> <li>1. Tax Residency certificate issued by revenue authority of country of residence of shareholder for the year in which dividend is received</li> <li>2. PAN or declaration as per Rule 37BC of Income Tax Rules, 1962 in a specified format.</li> </ol>

			<p>3. Form 10F filled &amp; duly signed</p> <p>4. Self-declaration for non-existence of permanent establishment/ fixed base in India</p> <p>(Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness of the documents submitted by the Non-Resident shareholder and review to the satisfaction of the Company)</p>
2.	Indian Branch of a Foreign Bank	Nil	Lower tax deduction certificate u/s 195(3) obtained from Income Tax Authority; and Self declaration confirming that the income is received on its own account and not on behalf of the Foreign Bank and the same will be included in taxable income of the branch in India
3.	Availability of Lower/ NIL rate of tax deduction certificate issued by Income Tax Authority	Rate specified in the certificate	Lower tax deduction certificate obtained from Income Tax Authority
4.	Any non-resident Shareholder exempted from Withholding tax deduction as per the provisions of Income Tax Act or any other law such as The United Nations (Privileges and Immunities) Act 1947, etc.	Nil	Necessary documentary evidence substantiating exemption from Withholding tax deduction

#### C.Notes:

1. The Company will issue soft copy of the TDS certificate to its shareholders through e-mail registered with RTA post payment of the income tax deducted and submission of respective return with income tax department and Shareholders will be able to download Form 26AS from the Income Tax Department's website <https://incometaxindiaefiling.gov.in>
2. The aforesaid documents such as Form 15G / 15H, documents under section 196, 197A, FPI registration Certificate, Tax Residency Certificate, Lower Tax certificate etc., can be uploaded on the link <http://www.aarthiconsultants.com/investors/login.php> on before **23<sup>rd</sup> September, 2022** to enable the Company to determine the appropriate withholding tax rate applicable. In

case were copy of documents (such as, PAN card, Registration certificate, etc.) 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 23<sup>rd</sup> September, 2022 shall not be considered.**

3. Application of TDS rate is subject to necessary verification by the Company of the details of the shareholder as available in Register of Members as on the Record Date and other documents available with the Company/ Aarthi Consultants.
4. In case TDS 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. Tax deducted by the Company is final and no claim shall lie against the Company for tax deducted at higher rate, for any reason, whatsoever.
5. No TDS will be deducted in case of resident individual shareholders who furnish their PAN details and whose dividend does not exceed ₹ 5,000/-. However, where the PAN is not updated in Company/ RTA/ Depository Participant records or in case of an invalid PAN, the Company will deduct TDS u/s 194 without considering the exemption limit of ₹ 5,000/-
- 6. All the shareholders are requested to update their PAN with their Depository Participant (if shares are held in electronic form) and Company / Aarthi Consultants (if shares are held in physical form) against all their folio holdings on or before Record Date i.e, 23<sup>rd</sup> September, 2022.**
7. 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, such shareholder will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any appellate proceedings.
8. 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.
9. To receive dividend amount directly in your bank account, we request you to submit / update your bank account details with your Depository Participant, in case you are holding shares in the electronic form or with the RTA in case of shares are held in physical form by submitting the requisite documents in Form ISR-1.
10. 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.

11. All communication / queries in respect of above should be addressed to our RTA, Aarthi Consultants Private Limited
- M/s. Aarthi Consultants Pvt Ltd  
(Unit-SMS Pharmaceuticals Limited)  
No. 1-2-285, Domalguda, Hyderabad  
Telangana-500029  
Ph: 040-040-27638111  
[info@arthiconsultants.com](mailto:info@arthiconsultants.com)  
[www.arthiconsultants.com](http://www.arthiconsultants.com)
12. The Primary shareholder can request the Company to provide the credit of TDS on the dividend pay-outs by the Company, separately to the joint shareholders (beneficiary shareholder) of the said shares by submitting the declaration as per Rule 37BA of the Income Tax Rules, 1962. The declaration must consist of Name, address, PAN, email id of the person to whom credit is to be given and proportion of credit to be given in respect of dividend income. This declaration shall be submitted with the Company on or before 23rd September, 2022 (i.e. Record Date). Any declarations as per Rule 37BA submitted after this date will not be considered. The information of the payee and tax deducted thereon will be submitted to income tax department as per the details of primary shareholder provided by the Depositories / RTA or as per declarations under Rule 37BA received till the Record Date.
13. Company will withhold taxes as per the stipulated tax laws prevalent at the time of deduction of taxes i.e 23rd September, 2022 as on record date.

We seek your co-operation in the matter.

Thanking you  
Yours sincerely

**For SMS Pharmaceuticals Limited**

**Sd/-**  
**Thirumalesh Tumma**  
**Company Secretary**

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[Click Here to download - Form 15G](#)  
[Click Here to download - Form 10F](#)  
[Click Here to download - Self declaration](#)  
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***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.*

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