



Nirlon Limited

CIN: L17120MH1958PLC011045

Pahadi Village, off the Western Express Highway, Goregaon (East), Mumbai 400 063.

Tele: +91 (022) 4028 1919 / 2685 2257 / 58 / 59, Fax: +91 (022) 4028 1940

E-mail id : info@nirlonltd.com, Website: www.nirlonltd.com

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February 13, 2023

**The Secretary,
BSE Limited,
P.J. Towers,
Dalal Street,
Mumbai- 400 001.**

Security Code: 500307

Dear Sir,

Sub: Nirlon Limited - Communication on Deduction of Tax on Interim dividend
– F.Y. 2022-23

Ref: Declaration of Interim Dividend by the Board of Directors of the
Company at their meeting held on Thursday, February 9, 2023

On the above referred subject matter, please find attached e-mail copy sent to shareholders whose email ids are registered with the Company attached for information.

The Copy of the same is attached for those shareholders whose email ids are not registered can take note of the same and do the needful.

Kindly acknowledge receipt of the letter.

Thanking you,
Yours faithfully,
For Nirlon Limited

Jasmin K. Bhavsar
Company Secretary, V. P. (Legal) & Compliance Officer
FCS 4178
Encl: a/a



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February 10, 2023

Dear Member,

As you are aware, the Board of Directors of the Company, at their Meeting held on Thursday, February 9, 2023, have considered **an Interim dividend of Rs. 15/-(@150%)** per Equity Share of Rs.10/- each for the Financial Year 2022-23.

The interim dividend will be paid, to those shareholders whose name appears on the Record Date i.e. Friday, February 17, 2023.

To view / download Form-10F [click here](#) (only for non-resident shareholders who do not have PAN in India and are not required to obtain PAN as per the law)

To view / download Form-15G [click here](#)

To view / download Form-15H [click here](#)

To view / download NR Tax declaration [click here](#)

To view / download Resident declaration [click here](#)

In terms of the provisions of the Income-tax Act, 1961, (“**the Act**”), dividend (including Interim) paid or distributed by a Company on or after April 1, 2020 is taxable in the hands of the Shareholders. The Company shall therefore be required to deduct tax at source at the time of payment of dividend. The deduction of tax at source will be based on the category of Shareholders and subject to fulfilment of conditions as provided herein below:

▪ **For Resident Shareholders:**

a. 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 financial year does not exceed Rs. 5,000/-.

b. Tax at source will not be deducted in cases where a Shareholder provides Form 15G (applicable to resident Individual below the age of 60 years) / Form 15H (applicable to a

resident individual aged 60 years and above), provided that the eligibility conditions are being met.

For all Members (i.e. holding shares either in Dematerialized Form and / or Physical Form): The forms for tax exemption can be downloaded from **Link Intime India Pvt. Ltd.'s ("LIPL")** website. The URL for the same is as under: <https://www.linkintime.co.in/client-downloads.html> On this page select the "**General tab**". All forms are available in under the head "Form 15G/15H/10F".

The aforementioned documents (duly completed and signed) are required to be uploaded on the URL mentioned below: <https://web.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> On this page, the user shall be prompted to select / share the following information to register their request.

- a. Select the company (Dropdown)
- b. Folio / DP-Client ID
- c. PAN
- d. Financial year (Dropdown)
- e. Form selection
- f. Document attachment – 1 (PAN)
- g. Document attachment – 2 (Forms)
- h. Document attachment – 3 (Any other supporting document)

Please Note:

That the upload of documents (duly completed and signed) on the website of **LIPL** should be done on or before the **Record Date** for the interim dividend, i.e. **Friday, February 17, 2023** in order to enable the Company to determine and deduct appropriate TDS / Withholding Tax. Incomplete and/or unsigned forms and declarations will not be considered by the Company. **No communication on the tax determination / deduction shall be considered after Friday, February 17, 2023.**

- I. Members may note that in case the tax on dividend is deducted at a higher rate in absence of receipt of the aforementioned details/ documents, an option is available to Members to file the return of income as per the Act, and claim an appropriate refund, if eligible.
- II. All communications/queries in this respect should be addressed to **LIPL** at their e-mail id nirlonlimitedtaxexemption@linkintime.co.in.
- III. All fields mentioned in the Form are mandatory and the Company may reject the form submitted, if it does not fulfill the requirement of law.
- IV. Valid Permanent Account Number ("**PAN**") will be mandatorily required.
- V. NIL / lower tax shall be deducted on the dividend payable to the following resident Shareholders on submission of self-declaration.

- a. Insurance Companies: Declaration by Shareholder qualifying as Insurer as per section 2(7A) of the Insurance Act, 1938 along with self-attested copy of PAN card;

- b. Mutual Funds: Declaration by Mutual Fund Shareholder eligible for exemption u/s 10(23D) of the Income-tax Act, 1961 along with self-attested copies of registration documents and PAN card;
- c. Alternative Investment Fund (**AIF**) established in India: Declaration that the Shareholder is eligible for exemption under section 10(23FBA) of the Act and they are established as Category I or Category II AIF under the SEBI regulations. Copy of self-attested registration documents and PAN card should be provided;
- d. New Pension System Trust: Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card;
- e. Other Shareholders: Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card;
- f. Shareholders who have provided a valid certificate issued u/s. 197 of the Act for lower / nil rate of deduction or an exemption certificate issued by the Income Tax Authorities along with Declaration.

▪ **For Non-Resident Shareholders (including Foreign Institutional Investors and Foreign Portfolio Investors):**

Tax is required to be withheld in accordance with the provisions of Section 195 and Section 196D of the Act at applicable rates in force. As per the relevant provisions of the Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable.

However, as per Section 90 of the Act, a non-resident Shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement ("**DTAA**") between India and the country of tax residence of the Shareholder, if they are more beneficial to the Shareholder. For this purpose, i.e. to avail the tax treaty benefits, the non-resident shareholder will have to provide the following:

- a. Self-attested copy of PAN card, if any, allotted by the Indian income tax authorities;
- b. Self-attested copy of Tax Residency Certificate ("**TRC**") obtained from the tax authorities of the country of which the Shareholder is resident;
- c. Form 10F filed electronically on the Indian Income Tax web portal pursuant to Notification no. 03/2022 dated 16th July 2022 issued by the Central Board of Direct Taxes (CBDT), as required under the Income-tax Act, 1961. (Please note that the shareholders who have PAN may not be eligible for DTAA benefit if the e-filed Form 10F is not furnished. However, pursuant to the Notification dated December 12, 2022, CBDT has exempted those non-residents who are not having PAN and are not required to have PAN as per the law from mandatory e-filing of Form 10F online only until March 31, 2023, and such non-residents may make this statutory compliance of filing Form 10F in manual form as was being done prior to issuance of the Notification No. 3/2022 till 31st March 2023 only). Self-declaration in Form 10F available on Link

Intime Website will be accepted only for shareholders who do not PAN and are not required to have PAN as per the law;

d. Self-declaration by the non-resident Shareholder of meeting treaty eligibility requirements and satisfying beneficial ownership requirements (Non-resident having a Permanent Establishment (“PE”) in India would need to comply with provisions of section 206AB of the IT Act);

e. In case of Foreign Institutional Investors and Foreign Portfolio Investors, self-attested copy of SEBI registration certificate;

f. In case of a Shareholder being a tax resident of Singapore, the letter issued by the competent authority or any other evidences demonstrating the non applicability of Article 24 - Limitation of Relief under India-Singapore Double Taxation Avoidance Agreement (“DTAA”).

Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company of the documents submitted by non-resident Shareholders and meeting the requirements of the Act, read with the applicable tax treaty. In absence of the same, the Company will not be obligated to apply the beneficial DTAA rates at the time of tax deduction on dividend amounts.

▪ **Section 206AB of the IT Act, 1961:**

Rate of TDS @10% u/s 194 of the Act is subject to provisions of section 206AB of Act (effective from July 1, 2021) which introduces special provisions for TDS in respect of non-filers of income-tax returns. As provided in section 206AB, tax is required to be deducted at the higher of the following rates in case of payments to specified persons:

- 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%;

Where Sections 206AA and 206AB are applicable i.e. the specified person has not submitted the PAN as well as not filed the return, the tax shall be deducted at the higher of the two rates prescribed in these two sections.

The term ‘**specified person**’ is defined in sub-section (3) of section 206AB as a person who satisfies the following conditions:

- A person who has not filed an income tax return for previous year immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing of return of income under section 139(1) of the IT Act has expired; and

- The aggregate of TDS and TCS in his/her case is Rs.50,000/- or more in for the said previous year.

A non-resident who does not have a PE in India is excluded from the scope of a specified person. Company will rely upon functional utility provided by Tax Department to check compliance with section 206AB.

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

- i. NIL for resident Shareholders receiving dividend upto Rs. 5,000/-, or in case Form 15G / Form 15H (as applicable) along with submission of self-attested copy of the PAN card.
- ii. 10% for other resident Shareholders in case copy PAN card is provided/ available.
- iii. 20% for resident Shareholders if copy of PAN card is not provided / not available/specified person.
- iv. Tax will be assessed on the basis of documents submitted by non-resident Shareholders.
- v. 20% plus applicable surcharge and cess for non-resident Shareholders in case the relevant documents are not submitted.
- vi. Lower/ NIL TDS on submission of a self-attested copy of a valid certificate issued under section 197 of the Act.

The aforesaid rates will be subject to applicability of Section 206AB of the Act.

In terms of Rule 37BA of 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 the Company in the manner prescribed by the Rules.

In case tax on dividend is deducted at a higher rate in the absence of receipt or defect in any of the aforementioned details / documents, Shareholders will be able to claim refund of the excess tax deducted by filing their 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 LIPL, and no request will be entertained for revision of TDS return.

Kindly note that the aforementioned documents should be sent on e-mail id nirlonlimitedtaxexemption@linkintime.co.in. No communication on the tax determination / deduction shall be entertained **after Friday, February 17, 2023**.

The Company is not obligated to apply the beneficial Tax Treaty rates at the time of tax deduction/withholding on dividend amounts. 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.

Members will also be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at <https://www.incometax.gov.in/iec/foportal/>.

We request your co-operation in this regard.

Thanking you,
Yours faithfully,
For Nirlon Limited

Sd/-
Jasmin K. Bhavsar
Company Secretary, V. P. (Legal) & Compliance Officer
FCS 4178

Note: Please do not reply to this e-mail, as this e-mail id is not monitored. Please direct your queries to "rnt.helpdesk@linkintime.co.in"