



Mandar Vasmatkar
Company Secretary & Chief-Compliance
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30 May, 2024

The National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1,
G-Block, Bandra- Kurla Complex,
Bandra (E),
Mumbai- 400 051.

NSE Symbol- TIMKEN

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai- 400 001.

Scrip Code- 522113

Dear Sir/Madam,

Sub: Communication to Shareholders - Intimation on Tax Deduction on Dividend

Please find enclosed communication regarding tax deduction on dividend, attached as **Annexure - 1**. This communication is also being made available on the website of the Company at www.timken.com/en-in (under “Dividend Updates” section).

Kindly request you to take this on record.

Thanking you.

Yours faithfully,
For **TIMKEN INDIA LIMITED**

Mandar Vasmatkar
Company Secretary
& Chief – Compliance

Engineered Bearings | Mechanical Power Transmission Products | Industrial Services

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CIN:L29130KA1996PLC048230

Dear Shareholders,

We are pleased to inform you that the Board of Directors of the Company, at its meeting held on 9 May, 2024, has recommended a dividend of ₹2.5/- each per Ordinary Share of face value ₹10/- each, for the Financial Year ended 31 March, 2024.

As you are aware, as per the provisions of the Income Tax Act, 1961 (Act), dividend paid or distributed by a company shall be taxable at the hands of shareholders. Therefore, the Company is required to deduct tax at source ("TDS") at the rates applicable on the amount distributed to the shareholders, if approved at the Annual General Meeting ("AGM") of the Company.

This communication provides a brief of the applicable Tax Deduction at Source ("TDS") provisions under the Act for Resident and Non-Resident shareholder categories.

I. For Resident Shareholders

Tax is required to be deducted at source under Section 194 of the Act, at the rate of 10% on the amount of dividend where shareholders have registered their valid Permanent Account Number (PAN). In case, shareholders do not have PAN / invalid PAN/ PAN not linked with Aadhar/ not registered their valid PAN details in their account or classified as specified person in the income tax portal, TDS at the rate of 20% shall be deducted under Section 206AA of the Act.

a. Resident Individuals

No tax shall be deducted on the dividend payable to resident individuals if:

- i. Total dividend amount to be received by them during the Financial Year (FY) 2024-25 does not exceed Rs. 5,000/-; or
- ii. The shareholder provides Form 15G (applicable to individual) / Form 15H (applicable to an Individual above the age of 60 years), provided that all the required eligibility conditions are met. Please note that all fields are mandatory to be filled up and Company may at its sole discretion reject the form, if it does not fulfil the prescribed requirement under the Act. The template of the Form 15G/15H are available at <https://www.timken.com/en-in/investors/statutory-compliances/> - under "Dividend Updates" section)
- iii. Exemption certificate is issued by the Income-tax Department, if any.

b. Resident Non-Individuals

No tax shall be deducted on the dividend payable to the following resident non-individuals where they provide details and documents as per the format. (Format is available on the website of the

Company at <https://www.timken.com/en-in/investors/statutory-compliances/> - under "Dividend Updates" section).

- i. **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 ordinary 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.
 - ii. **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.
 - iii. **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.
 - iv. **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.
- c. 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 to the company.

II. For Non-resident Shareholders

a. As per Domestic Tax Law

Taxes are required to be withheld in accordance with the provisions of Section 195 of the Act as per the rates as applicable. As per the relevant provisions of the Act, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to them. 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.

b. As per Double Tax Avoidance Agreement (DTAA)

As per Section 90 of the Act, the non-resident shareholder has the option to be governed by the provisions of the DTAA between India and the country of tax residence of the shareholder if they are more beneficial to them. For this purpose, i.e., to avail DTAA benefit, the non-resident shareholders are required to submit the following:

- I. Self-attested copy of the PAN card allotted by the Indian Income Tax authorities.
- II. Self-attested copy of Tax Residency Certificate (TRC) (financial year April 1, 2024, to March 31, 2025) obtained from the tax authorities of the country of which the shareholder is a resident.
- III. Shareholders who have PAN and propose to claim treaty benefit need to mandatorily file the Form 10F online at the income tax portal with effect from April 1, 2023, to avail the benefit of DTAA.
- IV. Self-declaration by shareholder of meeting treaty eligibility requirement and satisfying beneficial ownership requirement. (Financial year April 1, 2024, to March 31, 2025) (Format available on the website of the Company at <https://www.timken.com/en-in/investors/statutory-compliances/> - under "Dividend Updates" section)
- V. In case of Foreign Institutional Investors and Foreign Portfolio Investors, copy of SEBI registration certificate.

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

Kindly note that the Company is not obligated to apply beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial rate as per DTAA for the purpose of withholding taxes shall depend upon completeness and satisfactory review by the Company of the documents submitted by the non-resident shareholder.

Accordingly, to enable us to determine the appropriate withholding tax rate applicable, we request you to provide these details and documents as mentioned, above, within 7 days of record date (to be declared). Any documents submitted after cut-off period will be accepted at sole discretion of the Company.

PAYMENT OF DIVIDEND

The dividend on Ordinary Shares for FY 2023-24, once approved by the shareholders of the Company at the AGM, will be paid after deducting the tax at source as mentioned in the earlier paragraphs. The following provisions under the Act will also be considered to determine the applicable TDS rate:

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

The provisions of Section 206AB require the deductor to deduct tax at higher of the following rates from amount paid/ credited to specified person:

- i. At twice the rate specified in the relevant provision of the Act; or

ii. At twice the rates or rates in force; or

iii. At the rate of 5%

The non-resident who does not have the permanent establishment and resident who is not required to file a return under section 139 of the Act are excluded from the scope of a specified person.

However, as directed by the Central Board of Direct Taxes vide Circular No. 11 of 2021 dated June 21, 2021, the Company will be using functionality of the Income-tax department for determination of specified person for the purpose of Section 206AB of the Act.

B. TDS to be deducted at higher rate in case of non-linkage of PAN with Aadhaar

As per Section 139AA of the Income Tax Act, every person who has been allotted a PAN and who is eligible to obtain Aadhaar, shall be required to link the PAN with Aadhaar. In case of failure to comply to this, the PAN allotted shall be deemed to be invalid/inoperative and tax shall be deducted at the rate of 20% as per the provisions of section 206AA of the Act. The Company will be using functionality of the Income-tax department for the above purpose. Provisions will be effective from July 1, 2023.

C. For shareholders having multiple accounts under different status/category:

Shareholders holding Ordinary 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.

SUBMISSION OF TAX RELATED DOCUMENTS:

The documents as specified above can be sent to the email id: TIL.TDS@timken.com, within 7 days of record date (to be declared), to enable the Company to determine the appropriate TDS/withholding tax rate applicable. Any communication on the tax determination/deduction received after that shall not be considered.

It may be further noted that in case the tax on said dividend is deducted at a higher rate in the absence of receipt of the aforementioned details/documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible.


UPDATION OF BANK ACCOUNT DETAILS:

To facilitate receipt of dividend directly in your bank account, shareholders are requested to ensure that their bank account details in their respective demat accounts/physical folios are updated, to

enable the Company to make timely credit of dividend in their bank accounts. We seek your cooperation in this regard.

Thanking you,

With warm regards,
For Timken India Limited


Avishrant Keshava
Business Controller – India,
CFO & Whole-time Director



Disclaimer: This communication shall not be treated as an advice from the Company or its Registrar & Transfer Agent.

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