

June 9, 2022

VCL/SE/28/2022-23

To
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001

To
National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra (East), Mumbai 400 051

Scrip Code: 516072
Through: BSE Listing Centre

Symbol: VISHNU
Through: NSE Digital Exchange

Dear Sir,

Sub: Communication in respect of deduction of tax at source on dividend pay-out

Pursuant to the Finance Act, 2020, with effect from April 1, 2020, Dividend Distribution Tax is abolished and dividend income is taxable in the hands of the shareholders.

In this regard, please find enclosed herewith an email communication which has been sent on June 6, 2022 to all the shareholders having their email ID's registered with the Company/Depositories explaining the process on withholding tax from dividends paid to the shareholders at prescribed rates along with the necessary annexures.

This communication is also available on the website of the Company <https://vishnuchemicals.com/wp-content/uploads/2022/06/TDS-Communication-dt-06062022-with-annexures.pdf>

This is for your information and records.

Thanking you.

Yours faithfully,

For Vishnu Chemicals Limited



Kishore Kathri
Company Secretary & AGM - Legal



CIN: L85200TG1993PLC046359

Regd. Off: Plot No. C-23, Road No. 8, Film Nagar, Jubilee Hills, Hyderabad – 500 096

Tel: 040-23396817, 23327723/ 29; Fax: 040-23314158

Website: www.vishnuchemicals.com; Email id: investors@vishnuchemicals.com

June 6, 2022

URGENT & IMPORTANT

Dear Shareholder,

Trust you and your family are safe and in good health!!

We are pleased to inform you that the Board of Directors at their Meeting held on May 16, 2022, has recommended a Final Dividend of Rs. 2.00 per Equity Share of Rs.10/- each (20%) for the Financial Year ended March 31, 2022, and the said Final Dividend will be payable post approval of the shareholders at the ensuing Annual General Meeting of the Company to be held on July 15, 2022.

As you are aware that as per the Income Tax Act, 1961, as amended by the Finance Act, 2020 ("the Act"), 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 Final Dividend if declared at the above AGM.

TDS rate may vary depending on the residential status of the shareholder and the documents submitted to and accepted by the Company under the provisions of the Act.

Further, according to the provisions of section 206AB, higher rates of tax would be deducted in case of payment to a specified person effective from July 01, 2021. A specified person for this section means a person who has not furnished their return of income for the previous year (FY 2020-21) immediately preceding the financial year in which tax is required to be deducted and for which the time limit for furnishing the return of income under section 139(1) of the Act has expired and the aggregate of tax deducted at source and collected at source is rupees fifty thousand or more in the said previous year. A specified person shall not include a non-resident who does not have a permanent establishment in India.

The TDS for various categories of shareholders along with required documents are provided in Tables 1 and 2 below:

Table 1: Resident Shareholders

| Category of shareholder | Tax Deduction Rate | Exemption applicability/ Documentation requirement |
|---|----------------------------|--|
| Any resident shareholder | 10% | <p>Update valid PAN if not already done with depositories (in case of shares held in Demat mode) and with the Company's Registrar and Transfer Agent – Bigshare Services Private 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 INR 5,000/-, • If the 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. |
| Resident individuals submitting Form 15G/ 15H | NIL | <p>Shareholders providing Form 15G (applicable to individuals below 60 years) / Form 15H (applicable to an Individual above the age of 60 years) - on fulfillment of prescribed conditions.</p> <p>Note - All fields are mandatory to be filled up and Company may at its sole discretion reject the form if it does not fulfill the requirement of law.</p> |
| Order under section 197 of the 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 Act are not applicable (Annexure 1). |
| 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 Act (Annexure 1). |

| | | |
|---|------------|--|
| Mutual Funds | NIL | Documentary evidence that the person is covered under section 196 of the Act (Annexure 2). |
| Alternative Investment fund | NIL | Documentary evidence that the person is covered by Notification No. 51/2015 dated 25 June 2015 (Annexure 3). |
| Recognized Provident funds/ Approved Superannuation fund/Approved Gratuity Fund | NIL | Documentary evidence that the person is covered by Circular No. 18/2017 dated 29 May 2017 (Annexure 4) |
| New Pension System Trust | NIL | Documentary evidence that the person is covered under 197A (1E) of the Act (Annexure 4). |
| Other resident shareholders without registration of PAN or having Invalid PAN or a person who is considered as specified person u/s 206AB | 20% | Update valid PAN if not already done with depositaries (in case of shares held in Demat mode) and with the Company's Registrar and Transfer Agent – Bigshare Services Private Limited (in case of shares held in physical mode). |

Please note the following:

a) Recording of the valid Permanent Account Number (PAN) for the registered Folio/DP id-Client Id is mandatory. In absence of a valid PAN, the tax will be deducted at a higher rate of 20% as per Section 206AA of the Act.

b) In the case of persons categorized as a specified person as per Section 206AB, 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.

c) Shareholders holding shares under multiple accounts under different status/categories and single PAN may note that higher the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.

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 any such details latest by June 30, 2022. (Refer to Annexure 5 for sample format)

Table 2: Non-resident Shareholders

| Category of shareholder | Tax Deduction Rate | Exemption applicability/ Documentation requirement |
|---|--|--|
| Any Non-resident shareholder, Foreign Institutional Investors, Foreign Portfolio Investors (FII, FPI) | 20% / Tax Treaty rate whichever is lower (increased by surcharge and cess wherever applicable) | <p>Non-resident shareholders may opt for a tax rate under the Double Taxation Avoidance Agreement ("Tax Treaty"). The Tax Treaty rate shall be applied for tax deduction at source on submission of the following documents to the company:</p> <ul style="list-style-type: none"> • Self-attested copy of Tax Residency Certificate (TRC) (of FY 2022-23 or calendar year 2022), 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. • Self-declaration confirming not having a Permanent Establishment in India and eligibility to Tax Treaty benefit (of FY 2022-23 or calendar year 2022) in Annexure 7. <p>TDS shall be recovered at 20% (plus applicable surcharge and cess) if any of the above-mentioned documents are not provided. Further, please provide a copy of the PAN Card, if registered with the Indian tax authorities.</p> <p>The Company is not obligated to apply the Tax Treaty rates 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 are in accordance with the provisions of the Act.</p> |
| Submitting Order under section 197 of the Act | Rate provided in the Order | Lower/NIL withholding tax certificate obtained from Income Tax authorities. |
| Non-Resident Shareholders who | 30% | NA |

| | | |
|---|-----|---|
| are tax residents of Notified Jurisdictional Area as defined u/s 94A(1) of the Act | | |
| Sovereign Wealth Funds and Pension funds notified by Central Government u/s 10(23FE) of the Act | NIL | <ul style="list-style-type: none"> • Copy of the notification issued by CBDT substantiating the applicability of section 10(23FE) of the 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 Act | NIL | Self-Declaration substantiating the fulfillment of conditions prescribed under section 10(23FE) of the Act |

Note:

1) The Shareholders holding shares under multiple accounts under different status/categories 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 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.

SUBMISSION OF TAX-RELATED DOCUMENTS:

Resident & Non-Resident Shareholders

The aforesaid forms/ declarations, as may be applicable, can be downloaded at <https://www.bigshareonline.com/Resources.aspx> and the same shall be duly filled & signed and submitted either in physical form through courier/ post or a scanned copy of the same can be sent to the Company/ RTA at investors@vishnuchemicals.com/tds@bigshareonline.com **on or before July 2, 2022**, upto 05.00 pm (IST), to enable the Company/ RTA to determine the appropriate TDS / withholding tax rate applicable. **Any communication on the tax determination/deduction received post due date shall not be considered.**

It may be further noted that in case the tax on said Dividend is deducted at a higher rate in 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. However, no claim shall lie against the Company for such taxes deducted.

The Company will arrange to email a soft copy of the TDS certificate to the shareholders registered valid email ID in due course, post payment of the said Final Dividend. Shareholders can also 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>

UPDATION OF BANK ACCOUNT DETAILS:

Shareholders are requested to complete necessary formalities regarding their bank accounts attached to their Demat account for enabling the Company to make timely credit of dividends in the respective bank accounts.

We request your cooperation in this regard.

Thanking you,

Yours faithfully,
For **Vishnu Chemicals Limited**

Sd/-
Kishore Kathri
Company Secretary & AGM legal

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.