



19th October, 2024

To,

The Manager (Listing), The BSE Ltd. Mumbai	The Manager (Listing), National Stock Exchange of India Ltd. Mumbai
Company's Scrip Code: 505700	Company's Scrip Code: ELECON

Sub. : Communication to Shareholders - Interim Dividend for FY 2024-25 - Intimation on Tax Deduction at Source (TDS) / withholding tax on Interim Dividend

Dear Sir/Madam,

Pursuant to the changes introduced by the Finance Act, 2020, Dividend Distribution Tax has been abolished with effect from 1st April, 2020 and the Dividend Income is taxable in the hands of the Shareholders.

In this regard, please find enclosed herewith an email communication which has been sent to all the shareholders having their email ID's registered with the Company/Depositories explaining the process and documentation required for claiming tax exemption/withholding tax on dividend paid to the Shareholders at prescribed rates.

You are requested to take the same on your records.

Thanking you.

Yours faithfully,
For Elecon Engineering Company Limited,



Bharti Isarani
Company Secretary & Compliance Officer

Encl.: As above



Cranes



Rubber Industry



Marine Industry



Plastic Industry



Power Industry



Steel Industry



Sugar Industry



Mining



Cement Industry

Gearing industries. Gearing economies.

ELECON ENGINEERING COMPANY LIMITED

(CIN: L29100GJ1960PLC001082)

Registered Office: Anand - Sojitra Road, Vallabh Vidyanagar - 388 120, Anand, Gujarat

Email: investor@elecon.com; **Website:** www.elecon.com

Phone: 02692-238701 / 238702

Date: 19/10/2024

Dear Shareholder,

Subject: Elecon Engineering Company Limited - Deduction of tax at source on Interim Dividend

We wish to inform you that the Board of Directors of your Company ("Board") have at their meeting held on 18th October, 2024 had approved declaration of interim dividend of Re. 0.50/- (i.e. 50%) per equity share having face value of Re. 1.00/- each for FY 2024-25.

The interim dividend will be paid to the shareholders who hold equity shares of the Company as on Record Date i.e. 28th October, 2024.

In terms of the provisions of the Income Tax Act, 1961, ("the Act"), dividend paid or distributed by a Company on or after 1st April 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**

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/-.

Tax at source will not be deducted in cases where a shareholder provides Form 15G (applicable to individual) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions are being met. Blank Form 15G and 15H can be downloaded from the link given at the end of this communication. Please note that all fields mentioned in the Form are mandatory and Company may reject the forms submitted, if it does not fulfil the requirement of law.

Needless to mention, valid Permanent Account Number (“PAN”) will be mandatorily required. Shareholders who do not have PAN or PAN is not linked with Aadhar, TDS would be deducted at higher rates u/s 206AA of the Act.

NIL /lower tax shall be deducted on the dividend payable to following resident shareholders on submission of self-declaration (as per format attached) as listed below:

- i. **Insurance companies:** Declaration (refer format) by shareholder qualifying as Insurer as per section 2(7A) of the Insurance Act, 1938 along with self-attested copy of PAN card;
 - ii. **Mutual Funds:** Declaration (refer format) 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;
 - iii. **Alternative Investment Fund (AIF) established in India:** Declaration (refer format) 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.
 - iv. **New Pension System Trust:** Declaration (refer format) along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.
 - v. **Other shareholders** – Declaration (refer format) along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.
 - vi. 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 (refer format).
- **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. In case non-resident shareholders provide a certificate issued under section 197/195 of the Act, for lower / NIL withholding taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the same. 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:

- i. Self-attested copy of PAN card, if any, allotted by the Indian Income Tax authorities; In case PAN is not available, the non-resident shareholder shall furnish (a) name, (b) e-mail ID, (c) contact number, (d) address in residency country, (e) Tax Identification Number of the residency country (link of format attached);
- ii. Self-attested copy of Tax Residency Certificate ("TRC") obtained from the tax authorities of the country of which the shareholder is resident;
- iii. Digital Form 10F;
- iv. Self-declaration (refer format) by the non-resident shareholder of meeting treaty eligibility requirement and satisfying beneficial ownership requirement (Non-resident having PE in India would need to comply with provisions of Section 206AB of the Act).
- v. In case of Foreign Institutional Investors and Foreign Portfolio Investors, self-attested copy of SEBI registration certificate.
- vi. In case of shareholder being tax resident of Singapore, please furnish 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).

The self-declarations referred to in point nos. (iii) and (iv) can be downloaded from the link given at the end of this communication.

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 requirement of Act read with 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. Form 10F in digital format is mandatory for all non-resident shareholders pursuant to notification 03/2022 dated 16th July 2022. Form 10F in any other format will not be considered for treaty benefit.

➤ **Section 206AA of the Act**

Rate of TDS @10% u/s 194 of the Act which is subject to provisions of Section 206AA of the Act which introduces special provisions for TDS where PAN provided by deductee is Invalid. Invalid PAN also includes cases where PAN and Aadhar are not linked.

As provided in Section 206AA of the Act, tax is required to be deducted at higher of following rates in case of payments to specified person:

- at twice the rate specified in the relevant provisions of the Act; or
- at twice the rate or rates in force; or
- at the rate of 20%.

Accordingly, provisions of Section 206AA will be applicable in cases where PAN of the shareholder is Invalid. Validity of PAN will be determined using functionality of Income Tax Department as notified for the purpose of determining specified person u/s 206AB of the Act.

➤ **Section 206AB of the Act**

Rate of TDS @10% u/s 194 of the Act is subject to provisions of Section 206AB of Act (effective from 1st July, 2021) which introduces special provisions for TDS in respect of non-filers of income-tax return. As provided in Section 206AB, tax is required to be deducted at higher of 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 Company will use the mechanism prescribed by Income Tax Department to verify if a shareholder is a 'specified person' under Section 206AB of the Act and basis the result provided, the Company will apply higher rates under Section 206AB of the Act on those shareholders who are covered as 'specified person' under section 206AB of the Act.

To enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to provide the above details and documents on or before 24th October, 2024.

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

- NIL for resident shareholders receiving dividend upto Rs.5000 or in case Form 15G / Form 15H (as applicable) along with self-attested copy of the PAN card linked to Aadhar is submitted.
- 10% for other resident shareholders in case copy of PAN card is provided/available.

- iii. NIL / lower withholding tax rate for resident shareholders on submission of self-attested copy of the certificate issued under section 197 of the Act.
- iv. 20% for resident shareholders if copy of PAN card is not provided / not available / non-filers of return of income/PAN is not linked to Aadhar.
- v. Tax will be assessed on the basis of documents submitted by the non-resident shareholders.
- vi. 20% plus applicable surcharge and cess for non-resident shareholders in case the relevant documents are not submitted.
- vii. Lower/ NIL TDS on submission of self-attested copy of the valid certificate issued under Section 197/195 of the Act.

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

Clearing member should ensure that as on record date no shares are lying in their account and shares are transferred to respective shareholder's account so that dividend is credited directly to shareholder's account and not to the clearing member's account. 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 (refer format) with Company in the manner prescribed by the Rules on or before 24th October, 2024. The Company will not accept any declarations referred to Rule 37BA of Income Tax Rules, 1962 on or after 24th October 2024.

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, you will be able to claim refund of the excess tax deducted by filing your income tax return. No claim shall lie against the Company for such taxes deducted.

➤ **For shareholders having multiple accounts under different status / category:**

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

➤ **Updation of PAN, email address and other details**

Shareholders holding shares in dematerialized mode, are requested to update their records such as tax residential status, permanent account number (PAN), registered email addresses, mobile numbers and other details with their relevant depositories through their depository participants. Shareholders holding shares in physical mode are requested to furnish details to

the Company's Registrar and Share Transfer Agent (RTA) namely Link Intime India Private Limited (LIPL). Company is obligated to deduct tax at source (TDS) based on the records available with RTA and **no request will be entertained for revision of TDS return of the Company.**

Kindly note that the aforementioned documents should be uploaded with Link Intime India Private Limited, the Registrar and Transfer Agent (RTA) at <https://liiplweb.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> or emailed at vadodara@linkintime.co.in.

No communication on the tax determination / deduction shall be entertained after 24th October, 2024.

➤ **Update of Bank account details:**

While on the subject, we request you to submit / update your bank account details with your Depository Participant, in case you are holding shares in the electronic form. In case your shareholding is in the physical form, you will have to submit a scanned copy of a covering letter, duly signed by you, along with a cancelled cheque leaf with your name and bank account details and a copy of your PAN card, duly self-attested, with Link Intime India Private Limited. This will facilitate receipt of dividend directly into your bank account. In case the cancelled cheque leaf does not bear your name, please attach a copy of the bank pass-book statement, duly self-attested.

We seek your co-operation in the matter.

Your Sincerely,

For Elecon Engineering Company Limited,

Bharti Isarani

Company Secretary & Compliance Officer

[Click here](#) to download – 15H

[Click here](#) to download – 15G

[Click here](#) to download – self declaration (Resident shareholder)

[Click here](#) to download – self declaration (Non-resident shareholder)

[Click here](#) to download – declaration under Rule 37BC

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.