

03rd July, 2024

The Manager - Listing
BSE Limited
BSE Code - 501455

The Manager – Listing
National Stock Exchange of India Limited
NSE Code - GREAVESCOT

Dear Sir/Madam,

Sub: Communication to Shareholders - Intimation regarding deduction of tax at source on Dividend

In terms of the provisions of the Income Tax Act, 1961, as amended by the Finance Act, 2020, dividend declared, paid and distributed by the Company, with effect from 1st April, 2020 shall be taxable in the hands of the shareholders.

In this regard, please find enclosed herewith an e-mail communication which has been sent to all the shareholders of the Company whose e-mail IDs are registered with the Company / Depositories explaining the process on withholding tax from dividends at prescribed rates.

This communication is also being made available on the website of the Company at <https://www.greavescotton.com/investors/corporate-announcements>.

This is for your information and records.

Thanking You,

Yours faithfully,
For Greaves Cotton Limited

Atindra Basu
Group General Counsel & Company Secretary

Encl.: a/a

Greaves Cotton Limited

Email ID: investorservices@greavescotton.com | **Website:** www.greavescotton.com

Registered Office: J-2, MIDC Industrial Area, Chikalthana, Aurangabad - 431210, India

Corporate Office: Unit No.1A, 5th Floor, Tower 3, Equinox Business Park, LBS Marg, Kurla West, Mumbai - 400070, India

Tel: +91 22 41711700 | **CIN:** L99999MH1922PLC000987

ENGINEERING | E-MOBILITY | RETAIL | FINANCE | TECHNOLOGIES

GREAVES

Greaves Cotton Limited

Corporate Identity Number: L99999MH1922PLC000987

Registered Office: J-2, MIDC Industrial Area, Chikalthana, Aurangabad – 431210

Corporate Office: Unit No.1A, 5th Floor, Tower 3, Equinox Business Park, LBS Marg, Kurla West, Mumbai 400 070 ; **Telephone:** +91 - 22 41711700

E-mail: investorservices@greavescotton.com ; **Website:** www.greavescotton.com

Date: 03rd July, 2024

Dear Shareholder,

Subject: Deduction of Tax at source on Dividend

We wish to inform you that the Board of Directors ("Board") of Greaves Cotton Limited ("the Company") at their meeting held on 8th May, 2024, have recommended a dividend of Rs. 2/- per equity share having face value of Rs. 2/- each for the financial year ended 31st March, 2024.

The dividend, as recommended by the Board, if approved at the ensuing Annual General Meeting to be held on 8th August, 2024, will be paid to shareholders holding equity shares of the Company, either in demat or in physical form as on the record date i.e. 1st August, 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 its shareholders and therefore the Company is required to deduct income tax at source ("TDS") at the prescribed rates on the dividend paid to its shareholders.

The TDS will be based on the residential status of shareholders and the exemptions as enumerated in the Act subject to fulfilment of documentary requirement as explained herein below:

➤ For Resident Shareholders

Particulars	Rate of withholding tax
Valid PAN updated in the Company/ RTA records	10%
Shareholders not having PAN (not registered) / invalid PAN / Inoperative PAN* - as per section 206AA of the Act.	20%

**Please note that as per provisions of Income Tax Act, every person holding a PAN needs to intimate his Aadhaar number to the Income tax department (PAN-Aadhaar linking). Further, as per Rule 114AAA, where a person fails to do so the PAN of such person shall become inoperative and where tax is deductible on payment to such person it will be subject to higher TDS rates as per provisions of section 206AA.*

No tax shall be deducted on the dividend payable to an individual during FY 2024-25, if either of the below two conditions are fulfilled:

- Total dividend paid/payable to a resident individual shareholder in the financial year 2024-25 does not exceed Rs 5,000/-.
- The resident individual shareholder has provided duly filled and signed Form 15G (applicable to individuals) / Form 15H (applicable to an Individual above the age of 60 years) with valid PAN, provided all the prescribed eligibility conditions are met.

[Click Here](#) to fill the form 15G and [Click Here](#) to fill form 15H electronically.

Further as per Finance Act 2023, the new taxation regime under section 115BAC of the Act is the default tax regime. Accordingly, we shall consider the forms for exemption only in cases where estimated total income in case of 15G is \leq 300,000 and in case of 15H is \leq 700,000 as per provisions of section 197A of the Act;

The Company reserves its right to recover any demand raised subsequently on the Company for not informing the Company or providing wrong information about applicability of section 206AA in your case.

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:

Particulars	Applicable Tax Rates	Documents required
Insurance Companies	Nil	<ul style="list-style-type: none"> • Self-declaration (refer format) by shareholder qualifying as Insurer as per section 2(7A) of the Insurance Act, 1938; • Self-attested copy of IRDA registration certificate; and • Self-attested copy of PAN
Mutual Funds	Nil	<ul style="list-style-type: none"> • Self-declaration (refer format) that it is registered with SEBI and is notified under Section 10 (23D) of the Act; • Self-attested copy of certification of registration with SEBI; and • Self-attested copy of PAN

Alternative Investment Fund (AIF) established in India	Nil	<ul style="list-style-type: none"> • Self-declaration (refer format) that its income is eligible for exemption under section 10(23FBA) of the Act, and they are registered with SEBI as Category I or Category II AIF; • Self-attested certificate of AIF registration with SEBI; and • Self-attested copy of PAN
New Pension System Trust	Nil	<ul style="list-style-type: none"> • Self-declaration (refer format) that the shareholder is eligible for exemption under section 10(44) of the Act; • Self-attested copies of registration documents; and • Self-attested copy of PAN

- **Other Shareholders** – Self declaration (refer format) along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.
- 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, shall be considered on submission of self-attested copy of the same along with self-declaration (refer format).

[Click Here](#) to download - Self Declaration (Resident shareholder)

Deduction of tax at a rate lower than statutory rate or no deduction of tax shall depend upon the completeness of the documents and the satisfactory review of the forms and the documents, submitted by Resident shareholders, by the Company.

➤ **For Non-Resident Shareholders including Foreign Institutional Investors (FIIs) and Foreign Portfolio Investors (FPIs)**

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 withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable.

However, as per section 90 of the Act, a non-resident shareholder (including FIIs and FPIs) 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;

- ii. Self-attested copy of Tax Residency Certificate (TRC) (financial year 1st April 2024 to 31st March 2025) obtained from the tax authorities of the country of which the shareholder is resident;
- iii. Self-declaration in Electronic Form 10F (Filed on income tax portal), if all the details required in this form are not mentioned in the TRC;
- 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.

[Click Here](#) to download - Self Declaration (Non-Resident Shareholder)

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. The Company in its sole discretion reserves the right to call for any further information, if so required.

Please also note that in case the Shareholder has multiple accounts under different category / status, then the higher rate of tax as applicable to the category / status shall be considered on his entire holding in different accounts.

➤ **Section 206AB of the Act**

Rate of TDS @10% u/s 194 of the Act is subject to provisions of section 206AB of the 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 term 'specified person' is defined in sub-section (3) of section 206AB who satisfies the following conditions:

- A person who has not filed the income tax return for the last 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 Act has expired; and

- The aggregate of TDS /tax collected at source in his case is Rs.50,000 or more in the last previous year.

The non-resident who does not have a permanent establishment is excluded from the scope of specified person.

In order to identify such non-filers, Central Board of Direct Taxes ("CBDT") has introduced a new utility 'Compliance Check for section 206AB & 206CCA'. The Company will check for each of its shareholders as to whether they qualify as a specified person or not as per section 206AB of the Act. Based on the report generated from the government utility, the Company will apply higher withholding tax rate on such specified shareholders.

To enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to provide the above details and documents not later than 26th July 2024.

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.

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.

Cases where PAN is in-operative:

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 link the Aadhaar with PAN, the PAN will be treated as in-operative and TDS will be deducted at a higher rate of 20% as per section 206AA of the Act.

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

- a. NIL for resident individual shareholders receiving dividend up to Rs. 5,000/- or in case Form 15G / Form 15H (as applicable) along with self-attested copy of PAN is submitted.
- b. 10% for other resident shareholders if valid PAN number is provided.
- c. 20% for resident shareholders in case PAN is not provided / not available / not valid.
- d. Tax will be assessed on the basis of documents submitted by the non-resident shareholders.
- e. 20% plus applicable surcharge and cess for non-resident shareholders (depending on the category) in case if exemptions documents or treaty documents are not submitted.
- f. Rate as per respective DTAA in a case where non-resident has furnished valid treaty documents or exemption documents.
- g. Lower / NIL TDS on submission of self-attested copy of the valid certificate issued under section 197 of the Act.

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

The Company is obligated to deduct tax at source based on the records available with RTA and no request will be entertained for revision of TDS return. Tax deducted at source by the Company is final and **no claim shall lie against the Company for tax deducted at higher rate, for any reason, whatsoever.**

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(s), such Shareholder(s) will be responsible to indemnify the Company and also provide the Company with all information/documents and co-operation in any appellate proceedings.

Kindly note that the aforementioned documents should be uploaded with the Company's Registrar and Share Transfer agent i.e. KFin Technologies Limited ("RTA") at [Click Here](#) to submit the Tax Exemption Forms online or emailed to einward.ris@kfintech.com . You can also email the same to investorservices@greavescotton.com. No communication on the tax determination / deduction shall be entertained after 26th July, 2024.

Updation of Bank Account details:

SEBI has made it mandatory to use the bank account details furnished by the Depositories and the bank account details maintained by the RTA for payment of dividend to the shareholders electronically. The shareholders holding shares in physical form shall be paid dividend only through electronic mode subject to their folios being KYC compliant as per the SEBI requirements.

Manner of registering KYC including bank account mandate:

- a. For shareholders holding shares in physical mode, SEBI has mandated furnishing of PAN, address, contact details, bank account details and choice of nomination. The said shareholders are requested to provide duly signed Form ISR-1 along with supporting documents to the Company's RTA, either at their office at KFin Technologies Limited (Unit: Greaves Cotton Limited) Selenium, Tower B, Plot No.: 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad, Telangana - 500032, Tel: (040) 6716 2222 / 6716 1511; OR through email at einward.ris@kfintech.com with a copy to the Company at investorservices@greavescotton.com. The said form is available on the website of the Company at <https://greavescotton.com/wp-content/uploads/2023/04/Form-ISR-%E2%80%931.pdf> .
- b. Shareholders holding shares in dematerialised form are requested to register/update their bank account details with the relevant depositories through their Depository Participants.

The Company will arrange to email a soft copy of the TDS certificate to the registered email IDs of the shareholders. The TDS amount will also be reflected in Form 26AS of the shareholder, which can be downloaded from their e-filing account at <https://www.incometax.gov.in/iec/foportal/>.

We seek your co-operation in the matter.

Thanking you,

Yours faithfully,
For **Greaves Cotton Limited**,

Sd/-
Atindra Basu
Group General Counsel & Company Secretary

Disclaimer: The information set out hereinabove 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.