



The Dharamsi Morarji Chemical Company Limited

CIN: L24110MH1919PLC000564

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INTIMATION ON DEDUCTION OF TAX ON FINAL DIVIDEND FY 2020-21

Dear Shareholder,

Subject: Communication in respect of deduction of tax at source on Final Dividend FY 2020-21

We wish to inform you that the Board of Directors ('Board') of your Company has at its meeting held on 21st May 2021 recommended dividend of Rs. 0.50/- per equity share (of face value of Rs. 10/- each) for the financial year ended 31st March 2021.

If the final dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend subject to deduction of tax at source will be made within statutory timeline of 30 days to those members whose names appear: -

- a) as beneficial owners at the end of business hours on **Wednesday, 15th September, 2021**, as per lists furnished by Central Depository Services (I) Limited and National Securities Depository Limited in respect of shares held in electronic form; and
- b) on the Register of Members of the Company as on **Wednesday, 15th September, 2021**, after giving effect to valid transfers in respect of transfer requests lodged with Link Intime India Pvt. Ltd., Registrar and Share Transfer Agent (RTA) of the Company, on or before the close of business hours on **Wednesday, 15th September, 2021**, in respect of shares held in physical form.

In accordance with the provisions of the Income Tax Act, 1961 read with the provisions of the Finance Act, 2020, with effect from April 1, 2020, dividend declared and paid by the Company is taxable in the hands of shareholders. The Company shall therefore be required to comply with the provisions of deduction of tax at source (TDS) at the applicable rates at the time of payment of final dividend for the financial year ended on 31st March, 2021 to the shareholders in accordance with the provisions of the Income Tax Act ("IT" Act). The TDS rate may vary depending on the residential status of the shareholder and the documents submitted to the Company in accordance with the provisions of the Act.

Please note that all the details and declarations furnished should pertain to FY 2021-22.

The TDS for various categories of shareholders along with required documents are provided below:

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).

However, in case of Individuals, TDS would not apply if the aggregate of total dividend paid to them by the Company during the financial year does not exceed Rs. 5,000/-.

No TDS will 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 as prescribed under the Act are met. Please note that all fields mentioned in the forms are mandatory and the Company will not be able to accept the forms submitted, if not filled correctly.

Note:

1. Availability of valid Permanent Account Number (PAN) for the registered Folio/DP IDClient ID is mandatory. In the absence of valid PAN, tax will be deducted at a higher rate of 20%, as per Section 206AA of the Act.
2. Shareholders are requested to ensure Aadhar number is linked with his/her PAN as provided under Section 139(AA)(2) of the Act, as per the timelines prescribed. In case of failure of linking Aadhar with PAN within the prescribed timelines, PAN shall be considered inoperative and, in such scenario, tax shall be deducted at higher rate of 20% as provided under Section 206AA of the Act.

NIL/lower tax will be deducted on dividend payable to the following categories of resident shareholders, if they provide details and documents as given below :

- 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. **Recognized Provident Fund:** No TDS is required to be deducted as per Circular No.18/2017, subject to specified conditions Self-attested copy of a valid order from Commissioner under Rule 3 of Part A of Fourth Schedule to the Act, or self-attested valid documentary evidence (e.g. relevant copy of registration, notification, order, etc.) in support of the provident fund being established under a scheme framed under the Employees' Provident Funds Act, 1952 needs to be submitted.
- v. **Approved Superannuation Fund:** No TDS is required to be deducted as per Circular No.18/2017, subject to specified conditions. Self-attested copy of valid approval granted by Commissioner under Rule 2 of Part B of Fourth Schedule to the Act needs to be submitted.

- vi. **Approved Gratuity Fund:** No TDS is required to be deducted as per Circular No.18/2017, subject to specified conditions. Self- attested copy of valid approval granted by Commissioner under Rule 2 of Part C of Fourth Schedule to the Act needs to be submitted.
- vii. **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:** Documentary evidence that the person is covered under section 196 of the Act.
- viii. **National 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.
- ix. **Any other entity entitled to exemption from TDS:** Valid self-attested documentary evidence (e.g. relevant copy of registration, notification, order, etc.) in support of the entity being entitled to TDS exemption needs to be submitted

In case, shareholders (both individuals or non-individuals) provide certificate under Section 197 of 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.

Benefit under Rule 37BA - In case where shares are held by Clearing Member/ intermediaries/ stock brokers and TDS is to be applied by the Company in the PAN of the beneficial shareholders, then intermediaries/ stock brokers and beneficial shareholders will have to provide a declaration.

II. For Non - Resident Shareholders:

Taxes are required to be withheld in accordance with the provisions of Section 195 and 196D 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.

Further, as per Section 90 of the Act, the non-resident shareholder has an 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 them. For this purpose, i.e. to avail the DTAA benefits, the non-resident shareholders are required to provide the following:

- i. Self-attested copy of the PAN card allotted by the Indian Income Tax authorities. In case, PAN is not available, the non-resident shareholder shall furnish (a) name, (b) email id, (c) contact number, (d) address in residency country, (f) Tax Identification Number of the residency country.
- ii. Self-attested copy of Tax Residency Certificate (TRC) (for the period 1st April 2021 to 31st March 2022) obtained from the tax authorities of the country of which the shareholder is a resident.

- iii. Self-declaration in Form 10F
- iv. Self-declaration by shareholder certifying the following:
 - meeting the eligibility requirements under DTAA
 - entitlement to receive the Dividend being a beneficial owner of the Shares for the period 1st April 2021 to 31st March 2022.
 - Is and will continue to remain the tax resident of the country of its residence during the period 1st April 2021 to 31st March 2022.
 - Does not have Permanent Establishment (PE) / Place of Effective Management in India
- v. In case of Foreign Institutional Investors (FIIs) and Foreign Portfolio Investors (FPIs), 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).

It is recommended that shareholders should independently satisfy its 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.

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

The Finance Act, 2021, has inter alia inserted the provisions of section 206AB of the Act effect from July 1, 2021. The provisions of section 206AB of the Act require the deduct or 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 'specified person' is defined under section 206AB (3) of the Act as person who has:

- i. not filed return of income for both of the two assessment years relevant to the two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing return of income under sub-section (1) of section 139 has expired; and
- ii. subjected to tax deduction (TDS) and tax collection (TCS) at source in aggregate amounting to Rs. 50,000 or more in each of such two immediate previous years.

The non-resident shareholders who do not have the permanent establishment (PE) in India are excluded from the scope of a specified person.

In case of a shareholder Section 206AA and Section 206AB both are applicable, then tax will be deducted at higher of the rates provided in these sections.

The Central Board of Direct Taxes (CBDT) has vide Circular No. 11 dated June 21, 2021, has clarified that new functionality will be activated for compliance check under section 206AB of the Act. Accordingly, for determination of rate of TDS on Dividend payment, the Company will be using the said Functionality for the purpose of determination of rate of TDS under section 194.

While your Company is awaiting the guidelines from the Government prescribing the mechanism to determine who fulfils the conditions of being a 'specified person'. Therefore, in order to comply with the provisions of the Act, and unless any mechanism is prescribed by the authorities in this regard, Company will proceed on the assumption that all shareholders are in compliance with the provisions of section 206AB of the Act. However, we request you to inform us well in advance and before cut-off date if you are covered under the definition of 'specified person' as provided in section 206AB 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 206AB in your case.

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

- i. NIL for resident individual shareholders receiving dividend upto Rs.5,000/-
- ii. Nil for resident individual shareholders in cases where duly filled up and signed Form 15G / Form 15H (as applicable) along with self-attested copy of the PAN card is submitted.
- iii. 10% for other resident shareholders in case copy of valid PAN is provided/available.
- iv. 20% for resident shareholders if copy of PAN is not provided / not available.
- v. TDS rate will be determined 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 of the Act.

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

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

OTHER INFORMATION:

In addition to the above, please note the following:

- In case you hold shares under multiple accounts under different status/ category but under a single PAN, the highest rate of tax as applicable to the status in which shares held under the said PAN will be considered on the entire holding in different accounts.
- In case of joint shareholding, the withholding tax rates shall be considered basis the status of the primary beneficial shareholder.
- For deduction of tax at source, the Company would be relying on the above data shared by RTA as updated up to the record date.

TO ALL SHAREHOLDERS FOR SUBMISSION OF TAX RELATED DOCUMENTS:

Forms 15G/15H/10F and Self Declaration form for tax exemption can be downloaded from the LIPL's website. The URL for the same is <https://web.linkintime.co.in/client-downloads.html>. **On this page select the General tab.** All the 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 <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:

1. Select the company (Dropdown)
2. Folio / DP-Client ID
3. PAN
4. Select Financial year (Dropdown)
5. Select Exemption Form – Any one as applicable (Form 15G/15H/10F)
6. Attach Document - 1 (PAN) (Only PDF/JPG/JPEG/PNG/GIF. Max file size 1 MB)
7. Attach Document - 2 (Forms as applicable) (Only PDF/JPG/JPEG/PNG/GIF. Max file size 1 MB)
8. Attach Document - 3 (Any supporting document). (Only PDF/JPG/JPEG/PNG/GIF. Max file size MB)

Kindly note that the documents as mentioned above are required to be updated by visiting the link <https://web.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> or emailed to rnt.helpdesk@linkintime.co.in with copy to investor@dmcc.com or before **17th September, 2021** in order to enable the Company to determine and deduct appropriate TDS / withholding tax rate. Incomplete and/or unsigned forms and declarations will not be considered by the Company.

Blank forms for tax exemptions are also made available on the website of the company at www.dmcc.com

[Click Here](#) to download - Form 15G

[Click Here](#) to download - Form 15H

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

[Click Here](#) to download - Self Declaration for non-availability of PAN (Non-resident shareholder)

[Click Here](#) to download - Form 10F

[Click Here](#) to download - Self declaration (Non-resident shareholder)

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 assessment/ appellate proceedings before the Tax/ Government authorities.

It may be further noted that in case tax on dividend is deducted at a higher rate in the absence of receipt of any of the aforementioned details/ documents from the shareholders, the shareholders

may consider filing their return of income and claiming an appropriate refund, as may be eligible. No claim shall lie against the Company for such taxes deducted. Shareholders will also be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at <https://incometaxindiaefiling.gov.in>

Further, shareholders who have not registered their email address are requested to register the same with our RTA at weblink: https://web.linkintime.co.in/EmailReg/Email_Register.html. Shareholders are further requested to complete necessary formalities with regard to their Bank accounts updation for enabling the Company to make timely credit of dividend in respective bank accounts. For any queries related to the payment of dividend, shareholders can write on email Id's i.e. rnt.helpdesk@linkintime.co.in or investor@dmcc.com

For The Dharamsi Morarji Chemical Company Limited

Omkar Mhamunkar
Company Secretary

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