

Dear Shareholder

**Subject: Deduction of tax at source on dividend**

We wish to inform you that the Board of Directors of your Company have at their meeting held on 9<sup>th</sup> June, 2020 recommended dividend of Rs. 8/- per equity share having nominal value of Rs.10/- each for the financial year ended 31<sup>st</sup> March, 2020.

The dividend, as recommended by the Board, if approved at the ensuing annual general meeting, will be paid to shareholders holding equity shares of the Company, either in electronic or in physical form after the book closure dates (to be announced in due course), for determining eligibility of shareholders to receive dividend.

As you may be aware, in terms of the provisions of the Income-tax Act, 1961, ("the Act") as amended by the Finance Act, 2020, dividend paid or distributed by a Company on or after 1<sup>st</sup> April, 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 payment of dividend.

**For resident shareholders:** tax will be deducted at source ("TDS") under Section 194 of the Act @ 7.5% 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 FY 2020-21 does not exceed Rs. 5,000.

Tax at source will not be deducted in cases where a shareholder provides Form 15G (applicable to any person other than a Company or a Firm) / 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 or from the website of the Company viz. [www.centuryenka.com](http://www.centuryenka.com).

**Needless to mention, the Permanent Account Number ("PAN") will be mandatorily required.**

In order to provide exemption from withholding of tax, the following organisations must provide a self-declaration as listed below:

- i. **Insurance companies:** A declaration that they are beneficial owners of shares held;

- ii. **Mutual Funds:** A declaration that they are governed by the provisions of section 10(23D) of the Act along with copy of registration documents (self-attested);
- iii. **Alternative Investment Fund (AIF) established in India:** A declaration that its income is exempt under section 10(23FBA) of the Act and they are established as Category I or Category II AIF under the SEBI regulations. Copy of registration documents (self-attested) should be provided.

**For non-resident shareholders:** tax is required to be withheld in accordance with the provisions of Section 195 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. 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;
- ii. Self-attested copy of Tax Residency Certificate ("TRC") obtained from the tax authorities of the country of which the shareholder is resident;
- iii. Self-declaration in Form 10F, if all the details required in this form are not mentioned in the TRC;
- iv. Self-declaration by the non-resident shareholder of having no permanent establishment in India in accordance with the applicable Tax Treaty;
- v. Self-declaration of beneficial ownership by the non-resident shareholder.

The documents referred to in point nos. (iii) to (v) can be downloaded from the link given at the end of this communication or from the Company's website viz. <https://www.centuryenka.com/investor-relations/index.html#parentHorizontalTab2>.

The Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by non- resident shareholders.

Notwithstanding the above, tax shall be deducted at source @ 20% (plus applicable surcharge and cess) on dividend paid to Foreign Institutional Investors and Foreign Portfolio Investors under section 196D of the Act. Such TDS rate shall not be reduced on account of the application of the lower DTAA rate, if any.

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 25<sup>th</sup> July, 2020.

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

- i. 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 is submitted
- ii. 7.5% for resident shareholders in case copy of PAN card is provided/available
- iii. 20% for resident shareholders if copy of PAN card is not provided / not available
- iv. Tax will be assessed on the basis of documents submitted by the non-resident shareholders
- v. 20% plus applicable surcharge and cess for non-resident shareholders in case the aforementioned documents are not submitted
- vi. Lower/ NIL TDS on submission of self-attested copy of the certificate issued under section 197 of the Act.

You can also email the same at [cel.investor@birlacentury.com](mailto:cel.investor@birlacentury.com) No communication on the tax determination / deduction shall be entertained after 5<sup>th</sup> August, 2020.

In case tax on dividend is deducted at a higher rate in the absence of receipt of the aforementioned details / documents, you would still have the option of claiming refund of the excess tax paid at the time of filing your income tax return. No claim shall lie against the Company for such taxes deducted.

### **Updation of Bank Account for Payment of Dividend**

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 the first shareholder, along with a cancelled cheque leaf

with your name and bank account details and a copy of your PAN card, duly self-attested, with the Company's R & T Agent, M/s. Link Intime India Private Limited, C-101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai – 400083, Tel. : 022-49186270, Email: [rent.helpdesk@linkintime.co.in](mailto:rent.helpdesk@linkintime.co.in). 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 also request you to register your email IDs and mobile numbers with the Company or the R & T Agent at the abovementioned emails. In absence of bank account with requisite particulars, the dividend warrants will be posted on normalization of postal services.

We seek your co-operation in the matter.

Your sincerely,  
For **CENTURY ENKA LIMITED**

Sd/-  
**C B Gagrani**  
**Company Secretary**