

Dear Shareholder,

## Subject: Deduction of tax at source on dividend

We wish to inform you that the Board of Directors ("Board") of Sandu Pharmaceuticals Limited (the "Company") at its meeting held on 14<sup>th</sup> August, 2023 has recommended Final dividend of ₹ 0.75/- per equity share having nominal value of ₹ 10/- each for the financial year 2022-23.

The Dividend which is subject to approval of Shareholders at the ensuing Annual General Meeting ("AGM") scheduled to be held on 30<sup>th</sup> September, 2023 is expected to be paid within 30 days from the date of declaration thereof. The Record Date for dividend is 19th September, 2023.

In terms of the provisions of the Income-tax Act, 1961, (the "Act") as amended by the Finance Act, 2020, dividends paid or distributed shall be taxable in the hands of the shareholders. Accordingly, the dividend will be paid after deducting the tax at source (TDS) at the prescribed rates. For the prescribed rates under various categories, Shareholders are requested to refer to the Act.

If a shareholder is classified as "specified person" as per the provision of section 206AB of the Act, tax will be deducted at a rate which will be higher of the following:

- Twice the rate specified in the relevant provision of the Act; or
- Twice the rate or rates in force; or
- the rate of 5%.

For the above purpose, "specified person" means a person, being a resident or a non-resident having a Permanent Establishment (PE) in India -

(i) Who has not furnished the return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted. For this purpose, the assessment year would be reckoned to be the one for which time limit for filing Return of Income under sub-section (1) of section 139 has expired; and

(ii) The aggregate of TDS/TCS deducted/collected in the case of such person is Rs. 50,000 or more in the above referred previous year.

Accordingly, if, at the time of deducting TDS, the status of a resident shareholder or a non-resident shareholder (having a PE in India), as shown by the system of the Income-tax Department, is a "specified person", TDS would be deductible at twice the normally applicable rate or 5%, whichever is higher.

Further, if owing to non-availability of PAN of a shareholder who is a "specified person" under section 206AB of the Act, the provisions of section 206AA are also applicable, TDS would be deductible at the rate applicable under section 206AA or under section 206AB of the Act, whichever is higher.

In the cases of resident shareholders, if PAN of a shareholder is not updated, it shall be assumed that the shareholder is a "specified person" for the purpose of section 206AB of the Act and TDS would be deducted accordingly.

It may be noted that, the provisions of Section 206AB shall not be applicable in the cases of non-resident shareholders not having a PE in India. For this purpose, the expression PE (i.e., permanent establishment) includes a fixed place of business through which the business of the non-resident is wholly or partly carried on.

Thus, if a non-resident shareholder, who is otherwise liable for higher TDS under Section 206AB, submits a duly signed and verified declaration confirming that he/she does not have a PE in India, the provisions of Section 206AB would not come into play and TDS would be deductible at the normally applicable rate. In absence of such a declaration, TDS would be as per the provisions of section 206AB of the Act.

Further as per Section 139AA of the Income Tax Act, every person who has been allotted a PAN and who is eligible to obtain Aadhar, shall be required to link the PAN with Aadhar. In case of failure to comply with this requirement, the PAN allotted shall be deemed to be invalid/ inoperative and he shall be liable to all consequences under the Act and tax shall be deducted at higher rates as prescribed under the Act.

The Company will be relying on the information verified by the utility available on the Income Tax website.

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

**Resident shareholders:**

Particulars	Applicable Rate	Documents required (if any)
With PAN	10%	<ul style="list-style-type: none"> <li>Kindly Update/Verify the PAN and the residential status as per Act, if not already done, with the depositories (in case of shares held in demat mode) and with the Company's Registrar and Transfer Agent (in case of shares held in physical mode).</li> <li>In case of Individual shareholder, TDS would not apply if the aggregate of total dividend distributed to the shareholder by the Company during financial year 2022-23 does not exceed Rs. 5,000</li> </ul>
Without PAN/ Invalid PAN	20%	N.A.
Submitting Form 15G / Form 15H	NIL	Kindly furnish duly verified Form 15G or 15H (as may be applicable in duplicate) is to be furnished along with self-attested copy of PAN card. Blank Form 15G and 15H can be downloaded from the links given at the end of this communication or from the websites of Income Tax viz <a href="http://www.incometaxindia.gov.in">www.incometaxindia.gov.in</a>

Submitting Order under Section 197 of the Act	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from tax authority. Tax will be deducted at the rate specified in the said certificate, subject to furnishing a self-attested copy of the same. The certificate should be valid for the financial year 2023-24 and should cover income from dividends.
An Insurance Company as specified under Sec 194 of the Act	NIL	Self-declaration that it has full beneficial interest with respect to the shares owned by it along with self-attested copy of PAN card and copy of registration certification issued by the IRDAI.
Mutual Fund specified under clause (23D) of Section 10 of the Act	NIL	Self-declaration that they are specified in Section 10 (23D) of the Act along with self-attested copy of PAN card and registration certificate issued by SEBI.
Alternative Investment Fund (AIF) established in India [Section 197A, CBDT Notification 51/2015]	NIL	Self-declaration that they are specified in Section 10 (23FBA) of the Act and established as Category I or II AIF under the SEBI regulations along with self-attested copy of PAN card and registration certificate issued by SEBI
New Pension System Trust governed by Section 10(44) [subsection 1E to section 197A]	NIL	Self-declaration that they are governed by the provisions of section 10(44) [subsection 1E to section 197A] of the Act self-attested copy of PAN card and registration certificate issued by IRDA
Corporation established by or under a Central Act governed by section 196	NIL	Certificate of registration which indicates that it is corporation established under central act and its income is exempt from income tax

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.

### **Non-resident shareholders:**

Particulars	Applicable Rate	Documents required (if any)
Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess)	<ul style="list-style-type: none"> <li>Update/Verify the PAN and legal entity status as per the Act, if not already done, with the depositories or with the Company's Registrar and Transfer Agent ("RTA"), as the case may be.</li> <li>Provide declaration whether the investment in shares has been made under the general FDI route or under the FPI route.</li> <li>Self-attested copy of SEBI Registration certificate</li> </ul>

Other Non-resident shareholders	20% (plus applicable surcharge and cess)	Update/Verify the PAN, legal entity status and the residential status as per the Act, if not already done, with the depositories or with the Company's RTA, as the case may be.
Lower rate prescribed under the tax treaty which applies to the non-resident shareholder/FPI/FII	Tax Treaty Rate	<p>In order to apply the Tax Treaty rate, ALL the following documents would be required:</p> <ul style="list-style-type: none"> <li>• Self-attested copy of PAN allotted by the Indian Tax authorities</li> <li>• Self-attested copy of the Tax Residency Certificate (TRC) applicable for the period 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024 obtained from the tax authorities of the country of which the shareholder is a resident.</li> <li>• Self-attested copy of Form 10F submitted at Income Tax Portal if all the details required in this form are not mentioned in the TRC, however if PAN is not available then a Declaration in Form No. 10F(<i>format given at the end of this communication</i>)along with no PAN declaration.</li> <li>• Self-declaration (<i>format given at the end of this communication</i>) given at the primarily covering the following: <ul style="list-style-type: none"> <li>✓ Non-resident is eligible to claim the benefit of respective tax treaty;</li> <li>✓ Non-resident receiving the dividend income is the beneficial owner of such income;</li> <li>✓ Non-resident does not have Permanent Establishment/ fixed base in India in accordance with the applicable tax treaty or Dividend income is not attributable / effectively connected to any Permanent Establishment or Fixed Base in India;</li> <li>✓ Non-resident complies with any other condition prescribed in the relevant Tax Treaty and provisions under the Multilateral Instrument ('MLI');</li> </ul> </li> </ul> <p>Please note that 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</p>

		satisfactory review of the documents submitted, by Non- Resident shareholder/FPI, by the Company.
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## Transferring credit to the beneficial owner

In cases where the shareholder is merely a custodian of the shares and, accordingly, not the beneficial owner of shares, the dividend payable in respect thereof, then in order to effect TDS to the credit of the beneficial owner of dividend income, the shareholder may provide a declaration prescribed by Rule 37BA of the Income-tax Rules, 1962. 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.

The above declaration must be provided **on or before 5.00 p. m. (IST) on Thursday, 21<sup>st</sup> September, 2023**. Please note that no application under Rule 37BA would be considered in the absence of the aforesaid details and necessary declarations prescribed under the Companies Act, 2013 is lodged with the Company. No communication on the tax determination/ deduction shall be entertained after the above time limit.

In order to enable us to determine the appropriate tax rate at which tax has to be deducted at source under the respective provisions of the Act, we request Resident shareholders and Non-Resident shareholders to provide the details and documents referred to in this Notice in the format provided by us and as applicable to you.

## 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 'Link Intime India Pvt Ltd'. 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.

Kindly note that the aforementioned documents should be uploaded with Link Intime India Pvt Ltd, the Registrar and Transfer Agent on link <https://web.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> or emailed to [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in). You can also email the same to [corp.sec@sandu.in](mailto:corp.sec@sandu.in). No communication on the tax determination / deduction shall be entertained after 19<sup>th</sup> September, 2023.

## 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 Pvt Ltd. This will facilitate receipt of dividend directly into your bank



# SANDU PHARMACEUTICALS LIMITED

CIN:L24233GA1985PLC001587

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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 **Sandu Pharmaceuticals Limited**

**Sd/-**

**Pratika Mhambray**

**Company Secretary and Compliance Officer**

[Click here](#) to download – 15H

[Click here](#) to download – 15G

[Click here](#) to download – 10F

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

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.

**Note: Please do not reply to this e-mail, as this mail is not monitored.**



ISO 9001:2015 CERTIFIED ORGANISATION

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