

# **BOROSIL LIMITED**

**CIN:** L36100MH2010PLC292722

**Regd. Office:** 1101, Crescenzo, G-Block, Opp. MCA Club, Bandra Kurla Complex, Bandra (East), Mumbai – 400051

**Ph:** 022 6740 6300, **Fax:** 022 6740 6514

**Website:** www.borosil.com, **Email:** borosilltd@borosil.com

Date: July 27, 2021

Dear Shareholder,

Trust you and your family are safe and in good health!!

We are pleased to inform you that the Board of Directors at their Meeting held on May 27, 2021 have recommended a Dividend of ₹ 1/- per Equity Share on face value of ₹ 1/- each for the Financial Year ended March 31, 2021 and the said Dividend will be payable post approval of the shareholders at the ensuing Annual General Meeting (AGM) of the Company to be held on August 26, 2021.

As you are aware that as per the Income Tax Act, 1961 (Act), as amended by the Finance Act, 2020, dividends paid or distributed by a Company 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 making the payment of the said Dividend, if declared at the above AGM.

This communication provides a brief of the applicable Tax Deduction at Source (TDS) provisions under the Act for Resident and Non-Resident shareholder categories. The TDS rate would vary depending on the residential status, category of the shareholder and requisite declarations / documents sent to the Company.

Please note that the Company will circulate copy of Notice of AGM along with Annual report as per time lines provided under the Companies Act, 2013 and cut-off date for determining the eligibility of members to dispatch Annual Report will be July 23, 2021.

The dividend after declaration, will be paid to those shareholders whose names will appear in the Register of Members on August 19, 2021. In respect of shares held in electronic form, to those beneficial owners whose names are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the end of business hours on August 19, 2021.

## **A. RESIDENT SHAREHOLDERS:**

A.1 *Tax deductible at source for Resident Shareholders (other than resident individual shareholders receiving dividend not exceeding ₹ 5,000/- during the FY 2021-22 from the Company)*

<b>Sr. No.</b>	<b>Particular</b>	<b>TDS rate</b>	<b>Declaration / documents required</b>
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1	Valid PAN updated with the Depository Participant in case shares are held in dematerialized form; or Registrar and Transfer Agent ('RTA') in case shares are held in physical form and no exemption sought by Shareholder.	10%	N.A.
2	No / Invalid PAN with the Depository Participant in case shares are held in dematerialized form or RTA in case shares are held in physical form or the person is a specified person* for the purpose of Section 206AB of Act.	20%	N.A.
3	Availability of lower/nil tax deduction certificate issued by Income Tax Department u/s 197 of the Act	Rate specified in Lower TDS certificate obtained from Income Tax Department.	<ul style="list-style-type: none"> <li>● Copy of PAN card /</li> <li>● Copy of lower TDS certificate obtained from Income Tax Department</li> </ul>

\* "Specified Persons" under Sec 206AB of the Act:

- Shareholder has not filed the returns of income for both of the two assessment years relevant to the two previous years immediately before the previous year in which tax is required to be deducted/ collected. Two previous years for FY 2021-22 would be FY 2018-19 and FY 2019-20, and
- Aggregate of tax deducted at source and tax collected at source is Rs. 50,000/- or more in each of these two previous years.

For the purpose of TDS, Company will verify the status (i.e., Specified Person or not) from the Government enabled online facility and deduct TDS accordingly.

A.2 Nil Tax Deductible at Source on dividend payment to Resident Shareholders, if the Shareholders submit documents mentioned in table below with the Company/ RTA

S No.	Particular	Declaration / documents required
1	An Individual furnishing Form 15G/ 15H	<ul style="list-style-type: none"> <li>● Copy of PAN card</li> <li>● Declaration in Form No. 15G (applicable to an individual who is less than 60 years) / Form 15H (applicable to an Individual who is 60 years and above), fulfilling prescribed conditions.</li> </ul>

2	Shareholders to whom section 194 of the Act does not apply such as LIC, GIC, Business Trust (REIT, InVIT) etc.	<ul style="list-style-type: none"> <li>● Copy of PAN card</li> <li>● Self-declaration (<i>Please download <b>Annexure-1</b> from website of the Company</i>), along with adequate documentary evidence (e.g., registration certificate), to the effect that the no TDS is required as per provisions of section 194 of the Act.</li> </ul>
3	Shareholder covered u/s 196 of the Act such as Government, RBI, Mutual Funds specified u/s 10(23D), corporations established by Central Act which is exempt from Income Tax.	<ul style="list-style-type: none"> <li>● Copy of PAN card</li> <li>● Self-declaration (<i>Please download <b>Annexure-1</b> from website of the Company</i>), along with adequate documentary evidence, substantiating applicability of Section 196 of the Act.</li> </ul>
4	Category I and II Alternative Investment Fund (AIF)	<ul style="list-style-type: none"> <li>● Copy of PAN card</li> <li>● Self-declaration (<i>Please download <b>Annexure-1</b> from website of the Company</i>) along with copy of registration certificate.</li> </ul>
5	Any other entity exempt from TDS under the provisions of section 197 of the Act (including those mentioned in Circular No. 18/2017 issued by CBDT)	<ul style="list-style-type: none"> <li>● Copy of PAN card</li> <li>● Self-declaration (<i>Please download <b>Annexure-1</b>, from the website of the Company</i>) along with adequate documentary evidence, substantiating the nature of the entity</li> <li>● Copy of the lower TDS certificate obtained from Income Tax Department (<i>except those covered by Circular 18/2017</i>)</li> </ul>

***No tax will be deducted on payment of dividend to the resident individual shareholder if the total dividend, paid during Financial year 2021-22, does not exceed INR 5,000/-***

**B. NON-RESIDENT SHAREHOLDERS:**

*Tax deductible at source for non-resident shareholders.*

<b>S No.</b>	<b>Category</b>	<b>TDS rate</b>	<b>Declaration / documents required</b>
1	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess) or tax treaty rate whichever is	<ul style="list-style-type: none"> <li>● Copy of PAN card (if available)</li> <li>● Self-declaration (<i>Please download the <b>Annexure-2</b>, from the website of the Company</i>).</li> </ul>

		beneficial	<ul style="list-style-type: none"> <li>● Copy of Tax Residency certificate issued by revenue authority of country of residence of shareholder for the financial year covering the period from April 1, 2021 to March 31, 2022.</li> <li>● Self-Declaration in Form 10F (<i>Please download <b>Annexure-4</b>, from the website of the Company</i>).</li> </ul> <p><i>(Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness and satisfactory review by the Company of the documents submitted by the non-resident shareholders. In case the documents are found to be incomplete, the Company reserves the right to not consider the tax rate prescribed under the tax treaty).</i></p>
2	Alternative Investment Fund – Category III located in International Financial Services Centre	10% (plus applicable surcharge and cess)	<ul style="list-style-type: none"> <li>● Copy of PAN card (if available)</li> <li>● Self-declaration (<i>Please download <b>Annexure-3</b>, from the website of the Company</i>) along with adequate documentary evidence substantiating the nature of the entity</li> </ul>
3	Other Non-resident shareholders (except those who are tax residents of Notified Jurisdictional Area)	20% (plus applicable surcharge and cess) or tax treaty rate whichever is beneficial	<p>To avail beneficial rate of tax treaty following tax documents would be required:</p> <ol style="list-style-type: none"> <li>1. Copy of PAN card (if available)</li> <li>2. Copy of Tax Residency certificate issued by revenue authority of country of residence of shareholder for the financial year covering the period from April 1, 2021 to March 31, 2022.</li> <li>3. Self-Declaration in Form 10F (<i>Please download <b>Annexure-4</b>, from the website of the Company</i>)</li> <li>4. Self-declaration for non-existence of permanent establishment / fixed base / business connection in India, place of effective management, beneficial ownership and eligibility to avail tax treaty benefit [on shareholder's letterhead] (<i>Please download <b>Annexure-</b></i></li> </ol>

			<p><b>5, from the website of the Company)</b></p> <p><i>(Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness and satisfactory review by the Company of the documents submitted by the non-resident shareholders. In case the documents are found to be incomplete, the Company reserves the right to not consider the tax rate prescribed under the tax treaty).</i></p>
4	Non-Resident Shareholders who are tax residents of Notified Jurisdictional Area as defined u/s 94A(1) of the Act	30%	NA
5	Sovereign Wealth funds and Pension funds notified by Central Government u/s 10(23FE) of the Act	NIL	<ul style="list-style-type: none"> <li>• Copy of the notification issued by CBDT substantiating the applicability of section 10(23FE) of the Act issued by the Government of India.</li> <li>• Self-Declaration <i>(Please download the <b>Annexure-6 &amp; 7, from the website of the Company)</b></i> that the conditions specified in section 10(23FE) have been complied with.</li> </ul>
6	Subsidiary of Abu Dhabi Investment Authority (ADIA) as prescribed under section 10(23FE) of the Act	NIL	Self-Declaration <i>(Please download <b>Annexure-8 from the website of the Company)</b></i> substantiating the fulfillment of conditions prescribed under section 10(23FE) of the Act
7	Availability of Lower/NIL tax deduction certificate issued by Income Tax Department u/s 195 or 197 of the Act	Rate specified in Lower TDS certificate obtained from Income Tax Department	Copy of the lower TDS certificate obtained from Income Tax Department

*In case PAN is not updated with the Company's RTA or depository or PAN is not available in case of resident shareholders or non-residential shareholders having permanent establishment in India and information sought in the declaration are not provided, higher rate of TDS as per section 206AA shall be applied.*

**Notes:**

- i. The aforesaid documents and all the declarations such as Form 15G/ 15H, documents under section 196, 197, 197A, FPI Registration Certificate, Tax Residency Certificate, Lower Tax certificate etc. to be sent on email [bl.tds@borosil.com](mailto:bl.tds@borosil.com) by August 16, 2021 (Attachment size: maximum 25 MB). Any communication in relation to tax rate determination/deduction/TDS matters received after August 16, 2021 shall not be considered. Further, the shareholders can download the format of Annexures from the website of the Company under “FY 2020-21 Dividend Tax” tab on link <https://www.borosil.com/investors/borosil-limited>.
- ii. **Update your KYC data to receive all communications and dividend information** - The shareholders are requested to update their KYC data viz., PAN Number, email id, address, mobile number and bank account details by submitting the relevant details with our Registrar & Share Transfer Agent (RTA) whose e-mail address is [info@unisec.in](mailto:info@unisec.in). Shareholders holding shares in dematerialized mode are requested to update the same with their respective Depository Participant to ensure ease of communication and seamless remittances.
- iii. The Company will issue soft copy of the TDS certificate to its shareholders on email registered with the Depository Participant / RTA post payment of the dividend. Shareholders will be able to download Form no. 26AS from the Income Tax Department’s website for tax credit statements.
- iv. After receipt of any of the above declarations, if the Company basis its independent assessment, finds any information that is contrary to the declarations received by it, the Company reserves right to rely on the results of its independent assessment and make a deduction of taxes at a higher rate as per applicable provisions of the Act.
- v. Determination of TDS rate is subject to necessary verification by the Company of the shareholder details as available with the Depository Participant in case shares are held in dematerialized form; or RTA in case shares are held in physical form as on the Record Date, and other documents available with the Company / RTA. In this respect, the Company reserves the right to independently verify the PAN number of the shareholder from the Central Depository Services (India) Limited (CDSL) or the National Securities Depository Limited (NSDL) utility and if the same is found contrary to the PAN quoted/ provided, the Company will disregard the PAN and proceed as per the prevalent law.
- vi. Shareholders holding shares under multiple accounts under different residential status / category and single PAN, may note that, higher of the tax rate as applicable to different residential status/ category will be considered for their entire shareholding under different accounts.
- vii. The documents furnished by the shareholders (such as Form 15G/15H, TRC, Form 10F, Self-Attested Declaration etc.) shall be subject to review and examination by the Company before granting any beneficial rate or NIL Rate. The Company reserves the right to reject the documents in case of any discrepancies or the documents are found to be incomplete.

- viii. In case TDS is deducted at a higher rate, an option is still available with the shareholder to file the return of income and claim an appropriate refund. No claim shall lie against Company for any taxes deducted by the Company.
- ix. 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, the shareholder will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any tax proceedings.
- x. This Communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Shareholders should consult their tax advisors for requisite action to be taken by them.
- xi. In case of any discrepancy in documents submitted by the shareholder, the Company will deduct tax at higher rate, as applicable, without any further communication in this regard.
- xii. A declaration must be filed with the Company where the whole or any part of the dividend income is assessable, under the provisions of the Act, in the hands of a person other than the shareholder in accordance with Rule 37BA(2) of the Income-tax Rules, 1962. The declaration must consist of Name, address, PAN of the person to whom credit is to be given and proportion of credit to be given in respect of dividend income.

Thanks & Regards

**For Borosil Limited**

**Sd/-**

**Manoj Dere**

**Company Secretary & Compliance Officer**

**Membership No. FCS 7652**