



**India Nippon Electricals Ltd**

**REGD. OFFICE**

# 11 & 13, Patullos Road, Chennai - 600 002

**Tel :** +91 44 28460073, **Email :** inelcorp@inel.co.in

**CIN :** L31901TN1984PLC011021

The Board of Directors ("Board") at their meeting held on February 13, 2024, declared an interim dividend of Rs. 10.25/- per equity share having face value of Rs. 5/- each for the financial year 2023-24 ("Dividend").

Record date for the purpose of reckoning the list of shareholders entitled to receive aforesaid Dividend is Friday, February 23, 2024.

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 Interim Dividend at rates based on the category of shareholders and subject to fulfilment of conditions as provided here in below:

**FOR RESIDENT SHAREHOLDERS:**

Tax will be deducted at source ("TDS") under Section 194 of the Act, @ 10% 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 the financial year does not exceed Rs.5,000 (Rupees. Five Thousand only).

Tax at source will also not be deducted in cases where a shareholder provides Form No.15H (applicable to individuals above the age of 60 years) / Form No.15G (applicable to other individuals), provided that the eligibility conditions are met. Blank Form No.15G and Form No.15H can be downloaded from the link given at the end of this communication or from the website of the Company viz. <https://indianippon.com/investors/> Please note that all fields mentioned in the forms are mandatory and the Company may reject the forms submitted, if not filled correctly.

NIL / lower tax will be deducted on dividend payable to the following categories of resident shareholders, on submission of self-declarations:

**Insurance companies:** Declaration (refer format) that the provisions of Section 194 of the Act are not applicable along with self-attested copy of registration certificate and PAN card.

**Mutual Funds:** Declaration (refer format) by the mutual fund eligible for exemption u/s 10(23D) of the Act along with self-attested copies of the registration documents and PAN card.

**Alternative Investment Fund ("AIF") established in India:** Declaration (refer format) that the shareholder is eligible for exemption u/s 10(23FBA) of the Act and that they are established as Category I or Category II AIF under the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, made under the Securities and Exchange Board of India Act, 1992 (15 of 1992). Copy of self- attested registration documents and PAN card should also be provided;

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**New Pension System Trust:** Declaration (refer format) along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.

**Other shareholders:** 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 along with Declaration (refer format).

**FOR NON-RESIDENT SHAREHOLDERS** (including Foreign Institutional Investors and Foreign Portfolio Investors):

Tax is required to be withheld in terms of the provisions of Sections 195 and 196D of the Act, at applicable rates in force. As per the relevant provisions of the Act, tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. However, in terms of Section 90 of the Act, non-resident shareholders have the option to be governed by the provisions of the Double Taxation Avoidance Agreement ("DTAA") between India and the country of tax residence of the shareholder, if the DTAA provisions are more beneficial. To avail the tax treaty benefits, non-resident shareholder(s) will have to provide the following:

Tax is required to be withheld in terms of the provisions of Sections 195 and 196D of the Act, at applicable rates in force. As per the relevant provisions of the Act, tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. However, in terms of Section 90 of the Act, non-resident shareholders have the option to be governed by the provisions of the Double Taxation Avoidance Agreement ("DTAA") between India and the country of tax residence of the shareholder, if the DTAA provisions are more beneficial. To avail the tax treaty benefits, non-resident shareholder(s) will have to provide the following:

- a. Self-attested copy of PAN card, if allotted by the Indian income tax authorities;
- b. Self-attested copy of Tax Residency Certificate ("TRC") obtained from the tax authorities of the country of residence of the shareholder;
- c. Self-declaration in Form 10F (refer format), if all the details required in this form are not mentioned in the TRC;
- d. Self-declaration (refer format) by the non-resident shareholder of meeting the treaty eligibility requirements and satisfying beneficial ownership requirement (Non-resident having PE in India need to comply with the provisions of section 206AB of the Act);
- e. In case of Foreign Institutional Investors and Foreign Portfolio Investors, self- attested copy of the registration certificate issued by the Securities and Exchange Board of India.

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f. The formats and declarations can be downloaded from the link given at the end of this communication or from the Company's website viz. <https://indianippon.com/investors/>

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 the requirements of the Act, read with the applicable tax treaty. It must be ensured that self-declaration should be addressed to [nagaraj@cameoindia.com](mailto:nagaraj@cameoindia.com) or [investors@inel.co.in](mailto:investors@inel.co.in) and must be in same format as attached. In absence of the same, the Company will not be obligated to apply the beneficial DTAA rates at the time of deducting tax on dividend.

**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 1<sup>st</sup> July 2021) which introduces special provisions for TDS in respect of taxpayers who have not filed their income-tax return (referred to as "specified persons"). U/s 206AB of the Act, tax is to be deducted at higher of the following rates in case of payments to the '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%.

In cases where both Sections 206AA (higher rate of TDS at 20% in no PAN cases) and 206AB (non-filer of tax returns) are applicable to a shareholder, tax will be deducted at higher of the two rates prescribed in these sections. The non-resident who does not have the permanent establishment is excluded from the scope of a 'specified person'. The Company will be using functionality of the Income-tax department to determine the applicability of Section 206AB of the Act (as per the Central Board of Direct Taxes Circular No. 11 of 2021 dated 21<sup>st</sup> June 2021).

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

- a. NIL for resident shareholders (individuals) receiving dividend up to Rs. 5,000 or in case duly filled up and signed Form No.15G / Form No.15H (as applicable) along with self-attested copy of the PAN card is submitted.
- b. 10% for other resident shareholders in case copy of PAN card is provided/available.
- c. 20% for resident shareholders if copy of PAN card is not provided / not available.
- d. Tax will be assessed on the basis of documents submitted by the non-resident shareholders.

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e. 20% plus applicable surcharge and cess for non-resident shareholders in case the relevant documents are not submitted.

f. 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 (refer format) with Company in the manner prescribed in the Rules.

In case tax on dividend is deducted at a higher rate in the absence of receipt or due to 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.

**UPDATION OF PAN, EMAIL ADDRESS AND OTHER DETAILS:**

Shareholders holding shares in dematerialised mode, are requested to update their records such as tax residential status, permanent account number (PAN), registered email address, mobile number 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 Transfer Agent, viz. [investor@cameoindia.com](mailto:investor@cameoindia.com). The Company is obligated to deduct tax at source based on the records made available by National Securities Depository Limited or Central Depository Services (India) Limited ("the Depositories") in case of shares held in electronic mode and from the RTA in case of shares held in physical mode and no request will be entertained for revision of TDS return.

Kindly note that the aforementioned documents should be uploaded at <https://investors.cameoindia.com>. You can also email the same to [nagaraj@cameoindia.com](mailto:nagaraj@cameoindia.com) or [investors@inel.co.in](mailto:investors@inel.co.in). No communication on the tax determination / deduction shall be entertained after **25.02.2024**.

**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. 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 further request you to update the KYC details with RTA/Depository. We seek your co-operation.



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To download the forms, click:

1. [Form 15G](#)
2. [Form 15H](#)
3. [Form 10F](#) along with Instructions
4. [Declaration by Insurance Companies/ Mutual Funds/ Alternative Investment Funds/ Beneficial Owners](#)

Shareholders may download the above forms, as applicable to them and submit the same.

For **India Nippon Electricals Limited**

**Sd/-**  
**S. Logitha**  
**Company Secretary & Compliance Officer**