



TORRENT PHARMACEUTICALS LIMITED

(CIN: L24230GJ1972PLC002126)

Registered Office: Torrent House, Off Ashram Road, Ahmedabad - 380 009, Gujarat, India.

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4th February, 2021

Sub: Deduction of tax at source on dividend.

Dear Shareholder,

We hope this communicate finds you safe and in good health.

We wish to inform you that the Board of Directors of your Company proposes to consider payment of interim dividend for the financial year 2020-21 at the Board meeting scheduled on 8th February 2021.

The interim dividend, if declared by the Board, will be paid to shareholders holding equity shares of the Company as on Record Date i.e. 16th February, 2021 fixed by the Company for the purpose.

Pursuant to the amendments introduced in the Income-tax Act, 1961 ('the Act') vide Finance Act, 2020, w.e.f. 1st April, 2020, the Company is required to withhold taxes at the prescribed rates on the dividend paid to its shareholders. **No tax is required to be deducted on payment of dividend to a resident individual shareholders if the total dividend received/ to be received by him/her during a Financial year, does not exceed INR 5,000/-.**

The withholding tax rate would vary depending on the residential status and category of the shareholder and is subject to provision of requisite declarations / documents to the Company.

A. RESIDENT SHAREHOLDERS:

A.1 Tax deductible at source for Resident Shareholders (other than resident individual shareholders receiving dividend not exceeding INR 5,000 during the Financial Year [FY])

| Sr. No. | Particular | Withholding tax rate | Declaration / documents required |
|---------|---|---|---|
| 1 | Valid PAN updated with the Registrar and Transfer Agent ('RTA') in case shares are held in physical form; or depository participant in case shares are held in dematerialized form and no exemption sought by Shareholder | 7.5% for FY 2020-21 due to COVID relaxation. | N.A. |
| 2 | No / Invalid PAN registered with the RTA in case shares are held in physical form; or depository participant in case shares are held in dematerialized form and no exemption sought by Shareholder | 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 tax withholding certificate obtained from Income Tax Department | <ul style="list-style-type: none"> Self-attested Copy of PAN card Copy of lower tax withholding certificate obtained from Income Tax Department |

A.2 Nil Tax Deductible at Source on dividend payment to Resident Shareholders if the Shareholders submit documents mentioned in column no.3 of the below table with the RTA

| Sr. No. | Particular | Declaration / documents required |
|---------|---|---|
| 1 | Shareholder (other than a Company or a Firm) submitting Form 15G/ 15H | <ul style="list-style-type: none"> Self-attested Copy of PAN card Declaration in Form No. 15G (applicable to any person other than a company or a firm) / Form 15H (applicable to an Individual who is 60 years and above), fulfilling prescribed conditions. Refer Annexure 1 - Form 15H, Annexure 2 - Form 15G to download the forms |

| | | |
|---|---|---------------------------|
| 2 | Insurance Companies to whom section 194 of the Act does not apply. | Declaration in Annexure 3 |
| 3 | Shareholder covered u/s 196 of the Act such as Government (Central/State), RBI, Mutual Funds specified u/s 10(23D), corporations established by Central Act and exempt from Income Tax. | Declaration in Annexure 3 |
| 4 | Category I and II Alternative Investment Fund (AIF) u/s 197A(1F) read with Notification 51/2015 | Declaration in Annexure 3 |
| 5 | National pension scheme u/s 197A(1E) | Declaration in Annexure 3 |
| 6 | Entities falling under Circular 18/2017 - recognized PF fund, Superannuation fund, gratuity fund. | Declaration in Annexure 3 |
| 7 | Any other entity exempt from withholding tax under the provisions of section 197A of the Act | Declaration in Annexure 3 |

B. NON-RESIDENT SHAREHOLDERS:

Tax deductible at source for non-resident shareholders.

| Sr. No. | Particular | Withholding tax rate | Declaration / documents required |
|---------|---|---|--|
| 1 | Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs) | 20% (plus applicable surcharge and cess) u/s 196D | N.A. |
| 2 | Other Non-resident shareholders | 20% (plus applicable surcharge and cess) or tax treaty rate whichever is beneficial | To avail beneficial rate of tax treaty following tax documents would be required: <ul style="list-style-type: none"> Self-attested Copy of PAN card (if available) Copy of Tax Residency certificate issued by revenue authority of country of residence of shareholder for the financial year 2020-21 |

| | | | |
|---|---|---|--|
| | | | <p>(covering the period from April 1, 2020 to March 31, 2021)</p> <ul style="list-style-type: none"> • Self-Declaration in Form 10F (As per Annexure 4) • Self-declaration for no 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] (As per Annexure 5). <p>(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).</p> |
| 3 | Availability of Lower/NIL tax deduction certificate issued by Income Tax Department u/s 195 or 197 of the Act | Rate specified in Lower tax withholding certificate obtained from Income Tax Department | Copy of the lower tax withholding certificate obtained from Income Tax Department |

In case PAN is not updated with the Company's RTA or depository; or PAN is not available; and information sought in the declaration are not provided, higher rate of withholding tax @ 20% as per section 206AA shall be applied.

Please CLICK on the following links to download the forms.

1. [Annexure 1](#)
2. [Annexure 2](#)
3. [Annexure 3](#)
4. [Annexure 4](#)
4. [Annexure 5](#)

Notes:

- i. The aforesaid documents and annexures has to be uploaded on the link <https://ris.kfintech.com/form15/> on or before **15th February, 2021** to enable the Company to **determine the appropriate withholding tax rate applicable at the time of payment of dividend, if any**, during 2020-21. In case where copy of documents (such as, PAN card, Registration certificate) is provided, the copy should be self-attested by the Shareholder or its authorized signatory. Any communication in relation to tax rate determination/deduction received post **15th February, 2021** shall not be considered.
- ii. Determination of withholding tax rate is subject to necessary verification by the Company.
- iii. The Company will issue soft copy of the TDS certificate to its shareholders through email registered with the Company / RTA post payment of the dividend. Shareholders will be able to download the tax credit statement from the Income Tax Department's website <https://incometaxindiaefiling.gov.in> (refer to Form 26AS).
- iv. In case withholding tax is deducted at a higher rate, an option is still available with the shareholder to file the return of income with the dept. of Income Tax and claim an appropriate refund. No claim shall lie against Company for any taxes deducted by the Company.
- v. 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.
- vi. 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.
- vii. We request all shareholders to share their email ids for effective communication. The aforementioned details are also available on the website of the Company.

Thanking you,

Yours sincerely,

For Torrent Pharmaceuticals Limited

Mahesh Agrawal

VP (Legal) & Company Secretary