



CHAMBAL FERTILISERS AND CHEMICALS LIMITED

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Subject: Documents required in respect of deduction of tax at source on payment of Dividend

The Board of Directors of the Company at its meeting held on November 5, 2020 have declared Interim Dividend of Rs. 3.00 (30%) per Equity Share of Rs 10 each to the shareholders of the Company. The Record date fixed for determining the eligibility of shareholders for the payment of interim dividend is 13th November, 2020.

Members may note that the Income Tax Act, 1961, ("the IT Act") as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a company after April 01, 2020 shall be taxable in the hands of members. The Company shall therefore be required to deduct tax at source (TDS) at the time of making the payment of dividends to the shareholders.

Tax rates shall be applicable on the basis of residential status and classification of members as per the provisions of the IT Act and the documents submitted to the Company in accordance with the provisions of the IT Act. Accordingly, members are requested to update the PAN, residential status and category in their respective Demat accounts, if the shareholding is in demat form with their depositories or with the Company's Share Transfer Agent i.e Zuari Finserv Limited, if the shareholding is held in physical form.

The applicable TDS provisions under the IT Act for Resident and Non-resident shareholder categories are as follows:

I. RESIDENT SHAREHOLDERS

For Resident Shareholders, tax shall be deducted at source under Section 194 of the Income tax Act, 1961 @ 7.5% on the amount of Dividend declared and paid by the company during the Financial Year 2020-21 in case PAN is provided by the shareholder. If PAN is not submitted, TDS would be deducted @ 20% as per Section 206AA of the IT Act.

a) Resident Individuals:

No tax shall be deducted on the dividend payable to a resident individual, if -

- Total dividend to be received by the shareholder during the Financial Year 2020-21 does not exceed Rs. 5,000/-; or
- The 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 all the required eligibility conditions are met.

[Click to download Form 15G](#)

[Click to download Form 15H](#)

Form 15G/15H can also be downloaded from the website of the Company viz www.chambalfertilisers.com under the section Download Library.

The shareholder who has provided a Certificate issued under section 197 of the IT Act for lower/NIL rate of deduction or an exemption certificate issued by the income tax authority, shall receive dividend after withholding in accordance with such lower/NIL rate certificate

b) Other Resident shareholders:

In case of a certain class of resident shareholders, other than individuals, who are covered under the provisions of Section 194 or Section 196 or Section 197A of the IT Act, no tax shall be deducted at source provided sufficient documentary evidence thereof, to the satisfaction of the Company, is submitted. This illustratively includes providing the following:

- **Insurance Company:** Self-declaration that it has full beneficial interest with respect to the shares owned by it along with self-attested copy of PAN card.
- **Mutual Fund:** Self-declaration that they are governed by the provisions of Section 10 (23D) of the IT Act alongwith self-attested copy of PAN card and self-attested registration certificate issued by the Securities and Exchange Board of India.
- **Alternative Investment Fund (AIF) established in India:** Self declaration that its income is exempt under section 10(23FBA) of the IT Act and they are established as Category I or Category II AIF under the regulations issued by Securities and Exchange Board of India along with a self-attested copy of the PAN card and registration certificate.

- **New Pension System Trust:** Self declaration that they are governed by the provisions of section 10(44) [subsection 1E to section 197A] of the IT Act and copy of self-attested registration and PAN card.
- **Corporation established by or under a Central Act which is, under any law for the time being in force, exempt from income- tax on its income:** Self-declaration specifying the specific Central Act under which such corporation is established and that their income is exempt under the provisions of IT Act, along with a self-attested copy of the PAN card and registration certificate. Self-attested documentary evidence that the person is covered under section 196 of the IT Act.
- **Other Resident Non Individual Shareholders:** Shareholders who are exempted from the provisions of TDS as per Section 194 of the IT Act and who are covered u/s 196 of the IT Act shall also not be subjected to any TDS, provided they submit an attested copy of the PAN along with the documentary evidence in relation to the same.

Application of NIL rate at the time of tax deduction/withholding on dividend amounts will depend upon the completeness and satisfactory review by the Company, of the documents submitted by such shareholders.

II. NON-RESIDENT SHAREHOLDERS:

Tax is required to be withheld in accordance with the provisions of Section 195 of the IT Act at the 'rates in force' for all non-resident shareholders except where payments are covered specifically under other provisions of the IT Act. For such shareholders covered under section 195 of the IT Act, tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable to them. However, as per Section 90 of the IT 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 DTAA benefits, the non-resident shareholder will have to provide the following:

- (i) Self-attested copy of the Permanent Account Number (PAN Card) (if available) allotted by the Indian Income Tax authorities.
- (ii) Self-attested copy of valid Tax Residency Certificate (TRC) (of Financial Year 2020-21) obtained from the tax authorities of the country of which the shareholder is resident. In case the TRC is furnished in a language other than English, the said TRC would have to be translated from such other language to English language and thereafter duly notarized and apostilled copy of the TRC would have to be provided.
- (iii) Self-declaration in Form 10F ([Click to download Form 10F](#) or you may also download the same from the website of the Company viz. www.chambalfertilisers.com under the section Download Library) if all the details required in Form 10F are not mentioned in the TRC.
- (iv) Self-declaration by the non-resident payee containing such particulars/confirmations as would be imperative to be governed by and/or avail benefits, if any, under the applicable DTAA ([Click to download Declaration Form for Non-Resident Shareholders](#) or you may download the same from the website of the Company viz www.chambalfertilisers.com under the section Download Library).

Please note that the Company in its sole discretion reserves the right to apply the beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts and to call for any further information/documents. Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non-Resident shareholder.

In case where the non-resident shareholder provides the certificate under section 197 of the Act for lower/NIL withholding of taxes, rate specified in the said certificate shall be considered based on submission of self-attested copy of the same.

In case of Foreign Portfolio Investors (FPI) and Foreign Institutional Investors (FII), taxes shall be withheld at 20% plus applicable surcharge and cess in accordance with the provisions of section 196D of the IT Act. Such TDS rate shall not be subject to benefits under the relevant DTAA rate, if any.

The Dividend will be paid after withholding / deducting the tax at source as per the details given above.

III. SHAREHOLDERS HAVING MULTIPLE ACCOUNTS UNDER DIFFERENT STATUS/CATEGORY

Shareholders holding shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.

In order to enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to provide these details and documents as mentioned above on or before **November 13, 2020**. Members are requested to send all the above-mentioned documents and any other correspondence, in this regard to Zuari Finserv Limited "Corporate One", First Floor, 5, Commercial Centre, Jasola, New Delhi – 110 025, Email isc@chambal.in.

Shareholders may note that in case the tax on dividend is deducted at a higher rate in absence of receipt of the aforementioned details / documents, option is available to members to file the return of income as per IT Act and claim an appropriate refund, if eligible.

Disclaimer: This communication shall not be treated as an advice from the Company. Shareholders should obtain the tax advice related to their tax matters from a tax professional.