



TITAN COMPANY LIMITED

INTEGRITY, No. 193, Veerasandra, Electronics city P.O., Off Hosur Main Road,
Bengaluru - 560100, **Tel No.:** +91 80 6704 7000

Registered Office: 3, Sipcot Industrial Complex, Hosur - 635 126 TN India.

Tel: 91 4344 664 199; **Fax:** 91 4344 276037

Website: www.titancompany.in; **E-mail ID:** investor@titan.co.in

CIN: L74999TZ1984PLC001456

Date: 10th June 2020

Sub: Titan Company Limited - Final Dividend 2020-21 - Tax Deduction at Source (TDS) on Dividend payout

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 April 29th 2021 have declared a Final Dividend of Rs. 4/- per Equity Share of Rs. 1/- each (400%) for the Financial Year ended March 31, 2021 and the said Final Dividend will be payable post approval of the shareholders at the ensuing Annual General Meeting of the Company to be held on 2nd August 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 1st 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 Final 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.

I. For Resident Shareholders -

Tax is required to be deducted at source under Section 194 of the Act, at the rate of 10% on the amount of dividend where shareholders have registered their valid Permanent Account Number (PAN). In case, shareholders do not have PAN / have not registered their valid PAN details in their account, TDS at the rate of 20% shall be deducted under Section 206AA of the Act.

a. Resident Individuals:

No tax shall be deducted on the dividend payable to resident individuals if –

i. Total dividend amount to be received by them during the Financial Year 2021-22 does not exceed Rs.5,000/-; or

ii. The shareholder provides Form 15G (applicable to individual) / Form 15H (applicable to an Individual above the age of 60 years), provided that all the required eligibility conditions are met. Please note that all fields are mandatory to be filled up and Company may at its sole discretion reject the form if it does not fulfil the requirement of law. Formats of Form 15G and 15H are enclosed as **Annexure 1** and **Annexure 2**, respectively.

iii. Exemption certificate is issued by the Income-tax Department, if any.

Note: 1. Recording of the Permanent Account Number (PAN) for the registered Folio/DP ID-Client ID is mandatory. In the absence of valid PAN, tax will be deducted at a higher rate of 20%, as per Section 206AA of the Act.

2. Shareholders are requested to ensure Aadhar number is linked with PAN, as per the timelines prescribed. In case of failure of linking Aadhar with PAN within the prescribed timelines, PAN shall be considered inoperative and, in such scenario, tax shall be deducted at higher rate of 20%.

b. ***Resident Non-Individuals:***

No tax shall be deducted on the dividend payable to the following resident non-individuals where they provide details and documents as per the format attached in **Annexure 3**.

i. **Insurance Companies:** Self declaration that it qualifies as 'Insurer' as per section 2(7A) of the Insurance Act, 1938 and has full beneficial interest with respect to the ordinary shares owned by it along with self-attested copy of PAN card and certificate of registration with Insurance Regulatory and Development Authority (IRDA)/ LIC/ GIC.

ii. **Mutual Funds:** Self-declaration that it is registered with SEBI and is notified under Section 10 (23D) of the Act along with self-attested copy of PAN card and certificate of registration with SEBI.

iii. **Alternative Investment Fund (AIF):** Self-declaration that its income is exempt under Section 10 (23FBA) of the Act and they are registered with SEBI as Category I or Category II AIF along with self-attested copy of the PAN card and certificate of AIF registration with SEBI.

iv. **New Pension System (NPS) Trust:** Self-declaration that it qualifies as NPS trust and income is eligible for exemption under section 10(44) of the Act and being regulated by the provisions of the Indian Trusts Act, 1882 along with self-attested copy of the PAN card.

v. **Other Non-Individual shareholders:** Self-attested copy of documentary evidence supporting the exemption along with self-attested copy of PAN card.

c. In case, shareholders (both individuals or non-individuals) provide certificate under Section 197 of the Income-tax Act, 1961, for lower / NIL withholding of taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the same.

II. For Non-resident Shareholders -

a. Taxes are required to be withheld in accordance with the provisions of Section 195 of the Act, as per the rates as applicable. As per the relevant provisions of the Act, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to them. In case, non-resident shareholders provide a certificate issued under Section 197/195 of the Act, for lower/ Nil withholding of taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the same.

b. Further, as per Section 90 of the Act, the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Treaty (DTAA) between India and the country of tax residence of the shareholder, if they are more beneficial to them. For this purpose, i.e. to avail Tax Treaty benefits, the non-resident shareholders are required to provide the following:

i. Self-attested copy of the PAN card allotted by the Indian Income Tax authorities. In case, PAN is not available, the non-resident shareholder shall furnish (a) name, (b) email id, (c) contact number, (d) address in residency country, (f) Tax Identification Number of the residency country (format attached herewith as **Annexure 4**).

ii. Self-attested copy of Tax Residency Certificate (TRC) (for the period April 2021 to March 2022) obtained from the tax authorities of the country of which the shareholder is a resident.

iii. Self-declaration in Form 10F (format attached herewith as **Annexure 5**).

iv. Self-declaration by shareholder of meeting treaty eligibility requirement and satisfying beneficial ownership requirement. (for the period April 2021 to March 2022) (format attached herewith as **Annexure 6**).

v. In case of Foreign Institutional Investors and Foreign Portfolio Investors copy of SEBI registration certificate.

vi. In case of shareholder being tax resident of Singapore, please furnish the letter issued by the competent authority or any other evidences demonstrating the non-applicability of Article 24 - Limitation of Relief under India-Singapore Double Taxation Avoidance Agreement (DTAA).

The aforesaid documents can be uploaded on the following link

For [Non-resident Tax Declaration](#)

It is recommended that shareholders should independently satisfy its eligibility to claim DTAA benefit including meeting of all conditions laid down by DTAA.

Kindly note that the Company is not obligated to apply beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial rate as per DTAA for the purpose of withholding taxes shall depend upon completeness and satisfactory review by the Company of the documents submitted by the non-resident shareholder.

c. In case of Global Depository Receipt (GDR) holders, taxes shall be withheld at 10% plus applicable surcharge and cess in accordance with provisions of Section 196C of the Income Tax Act, 1961, only if they provide self-attested copy of the PAN Card. In case, no PAN details are made available, tax will be deducted at 20% plus applicable surcharge and cess. Accordingly, in order to enable us to determine the appropriate withholding tax rate applicable, **we request you to provide these details and documents as mentioned, above, on or before July 16, 2021 (cut off period)** Any documents submitted after cut-off period will be accepted at sole discretion of the Company.

II. TDS to be deducted at higher rate in case of non-filers of Return of Income

The Finance Act, 2021, has *inter alia* inserted the provisions of section 206AB of the Act with effect from July 1, 2021. The provisions of section 206AB of the Act require the deductor to deduct tax at higher of the following rates from amount paid/ credited to 'specified person':

- i. At twice the rate specified in the relevant provision of the Act; or
- ii. At twice the rates or rates in force; or
- iii. At the rate of 5%

The 'specified person' means a person who has:

- a) not filed return of income for both of the two assessment years relevant to the two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing return of income under sub-section (1) of section 139 has expired; and
- b) subjected to tax deduction/collection at source in aggregate amounting to Rs.50,000 or more in each of such two immediate previous years.

The non-resident who does not have the permanent establishment is excluded from the scope of a specified person.

We request you to fill the form (if total dividend at PAN level exceeds INR 5,000) by clicking the link given below and submit the form without fail by July 16th 2021 so that the correct TDS rate as per Income Tax shall be mapped against the dividend payments.

For [Declaration form for compliance with sec 206AB](#)

PAYMENT OF DIVIDEND

The dividend on Ordinary Shares for FY 2021-22, once approved by the shareholders of the Company at the AGM, will be paid after deducting the tax at source as under:

A. FOR RESIDENT SHAREHOLDERS:

- o Nil withholding in case the total dividend paid is up to Rs.5,000/-.
- o Nil withholding for resident shareholders in case Form 15G / Form 15H (as applicable) is submitted along with self-attested copy of the PAN linked to Aadhar. *Please note that the duly filled up forms submitted through your registered email ID will be accepted in the present circumstances due to COVID-19.*
- o NIL/ Lower withholding tax rate on submission of self-attested copy of the certificate issued under Section 197 of the Act.
- o 10% for resident shareholders in case PAN is provided / available.
- o 20% for resident shareholders in case PAN is not provided / not available/ PAN-Aadhar linking not done/ non-filers of Return of Income.

B. FOR NON-RESIDENT SHAREHOLDERS:

- o Tax treaty rate (based on tax treaty with India) for beneficial non-resident shareholders, as applicable will be applied on the basis of documents submitted by the non-resident shareholders.
- o NIL/ Lower withholding tax rate on submission of self-attested copy of the certificate issued under Section 195/197 of the Act.
- o 10% plus applicable surcharge and cess for GDR holders if they provide self-attested copy of the PAN card in accordance with provisions of Section 196C of the Act.
- o 20% plus applicable surcharge and cess for non-resident shareholders in case the above mentioned documents are not submitted.
- o Higher rate as discussed in point III above in case of non-filers of Return of Income, as applicable.

C. FOR SHAREHOLDERS HAVING MULTIPLE ACCOUNTS UNDER DIFFERENT STATUS / CATEGORY:

Shareholders holding Ordinary 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.

SUBMISSION OF TAX RELATED DOCUMENTS:

Resident Shareholders

- For lower TDS/Nil TDS : Form 15G/ 15H, documents under section 196, 197A, etc. can be uploaded on the link <https://tcpl.linkintime.co.in/formsreg/submission-of-form-15g-15h.html>. Resident Shareholders can also send the scanned copies of the documents mentioned above at the email ids mentioned below:

Email ID	Csg-exemptforms2122@tcplindia.co.in
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- For non-filer of Return of Income : Shareholders whose total dividend at PAN level exceeds INR 5,000/- are required to give a declaration through the link mentioned below;

Webpage link to submit	Declaration form for compliance with sec 206AB
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Non-Resident Shareholders

Shareholders are requested to send the scanned copies of the documents such as TRC, form 10F, self-declaration through the link mentioned below:

Webpage link to submit	Non-resident Tax Declaration
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These documents should reach us **on or before July 16th, 2021** in order to enable the Company to determine and deduct appropriate TDS / withholding tax rate. **Any communication on the tax determination/deduction received post 11:59 PM (IST) of July 16th 2021 shall not be considered.** It may be further noted that in case the tax on said dividend is deducted at a higher rate in the absence of receipt of the aforementioned details/documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible.

No claim shall lie against the Company for such taxes deducted. The tax credit can also be viewed in Form 26AS by logging in with your credentials (with valid PAN) at TRACES <https://www.tdscpc.gov.in/app/login.xhtml> or the e-filing website of the Income Tax department of India <https://www.incometaxindiaefiling.gov.in/home>

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(s), such Shareholder(s) will be responsible to indemnify the Company and also, provide the Company with all information/documents and co-operation in any appellate proceedings.

UPDATION OF BANK ACCOUNT DETAILS:

In view of the ongoing COVID-19 pandemic, shareholders are requested to ensure that their bank account details in their respective demat accounts are updated, to enable the Company to make timely credit of dividend in their bank accounts. We seek your cooperation in this regard.

In terms of Rule 37BA of 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 deductee should file declaration with Company in manner prescribed by Rules.

Thanking you,

Yours faithfully,

For **TITAN COMPANY LIMITED**

Sd/-

Dinesh Shetty

General Counsel & Company Secretary