The Dharamsi Morarji Chemical Company Limited

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Communication in respect of deduction of tax at source on 2nd Interim Dividend 2020-21

Date: 12/02/2021

Dear Shareholder,

We take pleasure in informing you that at its Meeting held on Monday, 8th February, 2021 through Video Conferencing, the Board of Directors of your company has declared second Interim Dividend of Rs.1/- per Equity Share (i.e. 10 %) of the face value of Rs. 10/- each for the Financial Year 2020-21. The said second Interim Dividend will be paid on or after Tuesday, 2nd March, 2021 to the eligible shareholders of the Company whose names appear in the Register of Members as on the Record date i.e. Friday, 26th February, 2021.

As you may be aware, as per the Income Tax Act, 1961 (Act), as amended by the Finance Act, 2020, dividends paid or distributed by a company from April 1, 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 Interim Dividend declared at prescribed rates (plus applicable surcharge and cess) as notified from time to time. This communication provides details of the applicable Tax Deduction at Source (TDS) provisions under the Act for Resident and Non-Resident shareholder categories.

All the shareholders are requested to ensure that their details with reference to valid Permanent Account Number (PAN), Residential status as per Act i.e. Resident or Non-Resident applicable for FY 2020-21, Category of their account as per the PAN, email/postal address, are complete / updated, as applicable, in their account maintained with Depository Participant (in case of Shares held in dematerialised form) and in case of shares held in physical form, complete / update the said details with Link Intime India Private Limited, the Company's Registrar & Share Transfer Agent.

This communication summarizes the applicable TDS provisions as per the Act, for Resident and Non-Resident shareholder categories.

For Resident Shareholders:-

No tax shall be deducted in case of a Resident individual shareholder, if the amount of dividend paid or likely to be paid by the Company during the FY 2020-21 does not exceed Rs. 5,000/-.

In case the dividend paid or likely to be paid to a Resident shareholder during FY 2020-21 exceeds Rs. 5,000/-, tax will be deducted as per applicable rates as explained hereunder:

Where, the Permanent Account Number ('PAN') is available and such PAN is valid / operative as per the provisions of the Act:

In accordance with Section 194 of the Act, tax shall be deducted at source from the dividend amount at rate of 7.5% where shareholders have registered their valid PAN and at rate of 20% for cases where the shareholders do not have PAN / have not registered their valid PAN details in their account.

This TDS will be deducted unless exempt under the provisions of the Act and subject to furnishing of the following self-certified documents:
Insurance companies: Documentary evidence that the provisions of section 194 of the Act are not applicable to them;
i. **Mutual Funds**: Documentary evidence to prove that the mutual fund is a mutual fund specified under clause (23D) of section 10 of the Act;

ii. **Alternative Investment Fund (AIF) established in India**:
Documentary evidence to prove that Investment Fund is a fund as defined in clause (a) of the Explanation 1 of section 115UB of the Act; and declaration that its dividend income is exempt under section 10(23FBA) of the Act.

iii. **Form 15G/15H in the case of eligible Resident shareholders**: No tax shall be deducted in the case of a resident shareholder if the shareholder provides duly signed Form 15G (applicable to any person other than a Company or a Firm) or Form 15H (applicable to an individual above the age of 60 years), provided that all the prescribed eligibility conditions are met.

Where a shareholder furnishes lower / nil withholding tax certificate under Section 197 of the Act, TDS will be deducted as per the rates prescribed in such certificate.

For Non-Resident Shareholders:

1. Tax is required to be withheld in accordance with the provisions of Section 195 of the Act at applicable rates in force. As per the provisions of the Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable.

2. As per section 90 of the Act, a non-resident shareholder has an 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 such DTAA provisions are more beneficial to such shareholder. To avail the DTAA benefits, the non-resident shareholder will have to provide the following documents:

a. Self-attested copy of PAN allotted by the Indian tax authorities;

b. Self-attested copy of Tax Residency Certificate ('TRC') issued by the tax authorities of the country of which shareholder is tax resident, evidencing and certifying shareholder's tax residency status during FY 2020-21.

c. Completed and duly signed Self-Declaration in Form 10F;

d. Self-declaration of having no taxable presence, fixed based or permanent establishment in India in accordance with the applicable Tax Treaty and Beneficial ownership by the non-resident shareholder.

The Company will apply its sole discretion and is not obligated to apply the beneficial DTAA rates for tax deduction on dividend payable to shareholders. Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by the Non- Resident shareholder.

3. Where the PAN is either not available or is invalid, DTAA benefit shall not be granted and tax shall be deducted at the prescribed rate or 20% (plus applicable surcharge and cess), whichever is higher.

4. Notwithstanding the above, tax shall be deducted at source/ withholding tax @20% (plus applicable surcharge and cess) on dividend paid to Foreign Institutional Investors ("FII") and Foreign Portfolio Investors ("FPI"). Such TDS/ withholding tax rate shall not be reduced on account of the application of the lower DTAA rate, if any.

5. Where a shareholder furnishes lower / nil withholding tax certificate under Section 197 of the Act, TDS will be deducted as per the rates prescribed in such certificate.

For all Shareholders

The shareholders are requested to upload the aforementioned documents latest by Friday, 26th February, 2021 to Link Intime India Private Limited, the Company's RTA at https://www.linkintime.co.in/formsreg/submission-of-form-15g-15h.html and also email them at dgokhale@dmcc.com

Documents received by Registered Post or from registered email ID will only be accepted. In case of joint shareholders, the shareholder named first in the Register of Members is required to furnish the requisite documents for claiming any applicable beneficial tax rate.

The Company will arrange to email a soft copy of TDS advice to you at your registered email ID in due course after payment of the dividend.

Shareholders may note that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents from you, option is available to you to file the return of income as per Act and claim an appropriate refund, if eligible. No claim shall lie against the Company for such taxes deducted.

Thanking you,
Yours faithfully,
For **The Dharamsi Morarji Chemical Company Limited**

D. T. Gokhale
Sr. Executive Vice President & Company Secretary