

Hitech Corporation Limited

CIN: L28992MH1991PLC168235

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Date: 24/06/2024

Dear Shareholder,

Subject: Communication in respect of deduction of tax at source on Dividend payout

This is to inform you that the Board of Directors of the Company at its Meeting held on 16th May, 2024 has recommended dividend of Re.1.00/- per equity share of face value of Rs. 10/- each (i.e. @ 10%) for the financial year 2023-24. The said dividend, if approved by the shareholders at the ensuing Annual General Meeting of the Company, will be payable to those shareholders whose names appear in the Register of Members of the Company or in the records of the Depositories as beneficial owners of the shares as on the Record date.

In accordance with the provisions of the Income Tax Act, 1961 ('the Act') as amended by and read with the provisions of the Finance Act, 2020, with effect from 1st April, 2020, dividend declared and paid by the Company is taxable in the hands of the shareholders. The Company shall, therefore, be required to deduct tax at source ('TDS') from dividend paid to the shareholders at the applicable rates.

The TDS rate may vary depending on the residential status of the shareholder and the documents submitted to the Company in accordance with the provisions of the Act. **Please note that since the dividend shall be finalised in the forthcoming AGM, it will be taxable to the shareholder in the FY 2024-25. Thus, all the details and declarations furnished should pertain to FY 2024-25.**

The TDS provisions for various categories of shareholders along with required documents are provided below:

Table 1: Resident Shareholders

Particulars & Category of shareholders	Rate of Tax Deduction	Exemption documents to be given
Resident Individuals		
If total Dividend income to a resident individual shareholder in FY 2024-25 >Rs. 5,000	10% in case where PAN is provided/available - 20%, in other cases where PAN is not provided /	Update the PAN if not already done with depositories (in case of shares held in demat mode) and with the

Particulars & Category of shareholders	Rate of Tax Deduction	Exemption documents to be given
	not available or in case the shareholder falls in the category of "specified persons"* or "inoperative PAN"#	Company's Registrar and Transfer Agents – Link Intime India Private Limited (in case of shares held in physical mode).
Shareholders providing duly signed Form 15G (applicable to only resident individual shareholders below the age of sixty years) /15H (applicable to only resident individual shareholders aged 60 years or more) provided that all the prescribed eligibility conditions are met.	NIL	Form 15G/15H duly signed – The forms are available on the website of Link Intime.
If total Dividend income to a resident individual shareholder in FY 2024-25 < Rs. 5,000	NIL	-
Resident - Other than Individuals		
Indian Commercial Banks/Indian Financial Institutions	10%	-
Insurance Companies: LIC & Other Insurance Companies such as GIC/United India Insurance Co/Oriental Insurance Co/New India Assurance Co as provided under Second Proviso to section 194 of IT Act	NIL	A declaration that it has a full beneficial interest with respect to the shares owned by it along with PAN and copy of the certificate of registration issued by the relevant authority.
Govt. of India, 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 (Section 196)	NIL	Self-declaration specifying the specific Central Act under which such corporation is established and that their income is exempt under the provisions of Income Tax Act, 1961 along with a self-attested copy

Particulars & Category of shareholders	Rate of Tax Deduction	Exemption documents to be given
		certificate obtained from Income Tax authorities.
Other resident shareholder without PAN/Invalid PAN/ or falling into the category of specified persons as per section 206AB of the Act* or having inoperative PAN as per 206AA of the Act#	20%	-

Please Note that:

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

Table 2: Non-resident Shareholders

Tax is required to be withheld in accordance with the provisions of Section 195 of the Income Tax Act, 1961 at applicable rates in force. As per the said provisions, the tax shall be withheld @ 20% plus applicable surcharge and cess on the amount of dividend payable. However, as per Section 90 of the Income Tax Act, 1961, a non-resident payee 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 documents provided in the table:

Category of shareholder	Tax Deduction Rate	Exemption applicability/ Documentation requirement
Any non-resident shareholder (This includes Foreign Companies, Foreign Corporate, Foreign Institutional Investors, Foreign Portfolio Investors, NRI, Foreign Nationals and other foreign entities)	20% (plus applicable surcharge and cess) or Tax Treaty rate whichever is lower Or in case the shareholder is a specified person as per Section 206AB, then twice	Non-resident shareholders may opt for tax rate under Double Taxation Avoidance Agreement ("Tax Treaty") as per Section 90 of the Income tax Act, 1961. The Tax Treaty rate shall be applied for tax deduction at source on submission of following documents to the company Copy of the PAN Card, if any, allotted by the Indian authorities. Self-attested copy of Tax Residency Certificate (TRC) valid as on the record date, obtained from the tax authorities of the country of which the shareholder is resident.

Category of shareholder	Tax Deduction Rate	Exemption applicability/ Documentation requirement
	the above applicable rate would apply to the shareholder	<p>Form 10F filed electronically on the Indian Income Tax web portal pursuant to Notification no. 03/2022 dated 16th July 2022 issued by the Central Board of Direct Taxes (CBDT), as required under the Income-tax Act, 1961. (Please note that the shareholders may not be eligible for DTAA benefit if the <u>e-filed Form 10F</u> is not furnished.</p> <p>TDS shall be recovered at 20% (plus applicable surcharge and cess) if any of the above mentioned documents are not provided.</p> <p>However, 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. Application of DTAA rate shall depend upon the completeness of the documents submitted by the Non- Resident shareholder and review to the satisfaction of the Company.</p>
Submitting Order under section 197 of the Act	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from Income Tax authorities.

Note: The 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.

Applicability of higher rates on Specified Person* as per Section 206AB in case of Resident Members and Non-Resident Members who have Permanent establishment in India for TDS under section 194/195/196D of the Act:

The rates of TDS under section 206AB of the Act shall be higher of the following:

- i. twice the rate specified in the relevant provision of the Act
- ii. twice the rate or rates in force; or
- iii. the rate of five per cent.

* **Specified Person** means a person who has not furnished the return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit for furnishing the return of

income under sub-section (1) of section 139 has expired and the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in the said previous year.

- In this regard, the company shall assess the 'Specified Person' based on the functionality provided by the Income Tax Department for compliance check under section 206AB.
- If any Resident or Non- Resident member is falling in the category of 'Specified Person' as per the above functionality by Income Tax Department, the Company shall be obliged to deduct tax at higher rate of TDS as per section 206AB of the Act (plus applicable surcharge and cess).

#Inoperative PAN - As per the provisions of section 139AA(2) of the Act read with 114AAA of the Income Tax Rules, 1962 shareholders are mandatorily required to link Aadhar with their PAN. In case the Aadhar is not linked with PAN by the shareholder, PAN will be considered Inoperative or Invalid and TDS will be deducted at higher rate of 20% as prescribed under section 206AA of the Act instead of the applicable rate.

In this regard, the Company shall assess the 'Inoperative PAN' based on the functionality provided by the Income Tax Department.

Benefit under Rule 37BA:

In case where shares are held by intermediaries/ stock brokers and TDS is to be applied by the Company in the PAN of the beneficial shareholders then intermediaries/ stock brokers and beneficial shareholders will have to provide a declaration within the prescribed date. Any declaration submitted after the cut-off date will not be accepted.

Procedure for submission of documents:

The exemption forms viz – Form 15H/Form 15G and Format of Declaration as required to be provided by Resident /Non Resident shareholders can be accessed and downloaded from the website of the Company at <https://hitechgroup.com/investor/Display/miscellaneous>

The aforementioned documents (duly completed and signed) are required to be uploaded at <https://liiplweb.linkintime.co.in/formsreg/submission-of-form-15g-15h.html>. On this page the user shall be prompted to select / share the following information to register their request.

1. Select the company (Dropdown)
2. Folio / DP-Client ID
3. PAN
4. Financial year (Dropdown)
5. Form selection
6. Document attachment – 1 (PAN)
7. Document attachment – 2 (Forms)
8. Document attachment – 3 (Any other supporting document)

Please note that the upload of documents (duly completed and signed) on the website of Link Intime India Private Ltd should be done on or before July 15, 2024 in order to enable the Company to determine and deduct appropriate TDS / Withholding Tax. Incomplete and/or unsigned forms and declarations will not be considered by the Company. No communication on the tax determination/ deduction shall be considered after July 15, 2024, 6:00 PM.

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 Income Tax Act, 1961 and claim an appropriate refund, if eligible.

All communications/ queries in this respect should be addressed to our RTA, Link Intime India Private Limited to its email address : hitechdivtax@linkintime.co.in. Alternatively, you may contact the Company on email address investor.help@hitechgroup.com.

Further, shareholders holding shares in dematerialized mode, are requested to update their records such as tax residential status, permanent account number (PAN) and register their email addresses, Bank Account details, mobile numbers, and other details with their relevant depositories through their depository participants and shareholders holding shares in physical mode are requested to furnish such details to the Company's RTA i.e. Link Intime India Private Limited.

Disclaimer: This Communication shall not be treated as an tax advice from the Company or its affiliates or Link Intime India Private Limited. Shareholders should obtain the tax advice related to their tax matters from a tax professional.

[Click here](#) to download Form 15G

[Click here](#) to download Form 15H

[Click here](#) to download Self declaration by Non Residents

We request your co-operation in this regard.

Yours Sincerely,
For **Hitech Corporation Limited**

Sd/-
Ashish Roongta
Company Secretary

Note: Please don't reply to this email, as this email id is not monitored.