

## Communication to Shareholders - Intimation on Tax Deduction on Dividend

Date: February 25, 2023

Dear Shareholder,

We hope this communique finds you safe and in good health

We wish to inform you that the Board of Directors (the 'Board') of Satia Industries Limited ('Company'), at their meeting held on February 10, 2023 recommended Interim Dividend of INR 0.20/- per equity share having face value of INR 1/- each for the financial year 2022-23.

### Who is eligible to receive Dividend and when it will be paid?

Record Date	<b>February 24, 2023</b> Members whose names appear in the Register of Members including the list of Beneficial Owners as provided by the Depositories as on <b>February 24, 2023</b> .
Ex Dividend Date	<b>February 23, 2023</b>

### Tax Deduction at Source (TDS) on Dividend

As you may be aware, in terms of the provisions of the Income-tax Act, 1961, (the 'I-T Act') as amended by the Finance Act, 2020, Dividend paid or distributed by a Company on or after 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 payment of dividend

The TDS/Withholding tax provisions for both categories of shareholders viz. Resident and Non-Resident are detailed below:

#### I. Resident shareholders:

##### IA. Resident Shareholders (Individual):

In respect of Resident Shareholders, Tax shall be deducted at source under Section 194 of the I-T Act @ 10% on the amount of dividend declared and paid by the Company during the financial year 2022-23, subject to following:

Particulars	Rate of TDS applicable	Section under I-T Act
PAN is not available/ invalid PAN	20%	206AA
Non-linking of PAN with Aadhaar (Refer Note 1)	20%	206AA
Non-filing of return of Income tax for any of the last two financial years (i.e FY 2019-20 and FY 2020-21 and TDS as well as TCS deduction in each of these years in case of the shareholders is INR 50,000 or more (Refer Note 2)	20%	206AB

#### Note 1:

As per Section 139AA(2) of the Act read with rule 114AAA of the Income Tax Rules, 1962, PAN is mandatorily required to be linked with Aadhaar by March 31, 2023. If PAN is not linked with Aadhaar by March 31, 2023 (unless such due date is extended),

such PAN will be deemed inoperative and tax at source will required to be deducted at higher rates under Section 206AA of the I-T Act.

**Note 2:**

Provisions of Section 206AB of the I-T Act are applicable with effect from July 1, 2021.

Further, no Tax shall be deducted on the Dividend payable to Resident Individual if the total dividend to be received by him from the Company during FY 2022-23 does not exceed Rs. 5,000/-

Separately, in cases where an Individual Shareholder provides Form 15G (applicable to an Individual less than sixty years age) / Form 15H (applicable to an Individual who is of the age of sixty years or more), provided that the eligibility conditions are being met, no TDS shall be deducted. You can also download Form 15G / 15H from the Income-tax website <https://www.incometaxindia.gov.in/Pages/downloads/most-used-forms.aspx>

**IB. Resident Shareholders (Other than Individuals):**

The TDS for Resident shareholders (other than individuals) along with required documents are provided in Table below:

Category of Shareholder	Tax Deduction Rate	Exemption Applicability/ Documents required
Insurance Companies	NIL	Documentary evidence that the provisions of section 194 of the Act are not applicable to them: 1. PAN 2. Registration certificate along with <b>3. Self-declaration given in Annexure 1</b>
Mutual Funds	NIL	Documentary evidence to prove that the mutual fund is a mutual fund specified under clause (23D) of section 10 of the Act and is covered under Section 196 of the Act along with Self-declaration given in <b>Annexure 1</b>
Alternative Investment fund (AIF) established/ incorporated in India	NIL	Documentary evidence that the person is covered by Notification No. 51/2015 dated 25 June 2015 (OR) Self-declaration that its income is exempt under Section 10 (23FBA) of the Income Tax Act, 1961 and they are governed by SEBI regulations as Category I or Category II AIF along with the following documents 1. Self-attested copy of the PAN card 2. Registration certificate <b>3. Self-declaration given in Annexure 1</b>
Recognized Provident Fund	NIL	Self-attested copy of a valid order from Commissioner under Rule 3 of Part A of Fourth Schedule to the Act, (OR) Self-attested valid documentary evidence (e.g., relevant copy of registration, notification, order, etc.) in support of the provident fund being established under a scheme framed under the Employees Provident Funds Act, 1952 needs to be submitted along with Self-declaration given in <b>Annexure 1</b>
Approved Superannuation Fund	NIL	Self-attested copy of valid approval granted by the Commissioner needs to be submitted :

/ Approved Gratuity Fund		a) under Rule 2 of Part B of Fourth Schedule to the Act (In case of Approved Superannuation Fund) b) under Rule 2 of Part C of Fourth Schedule to the Act (In case of Approved Gratuity Fund) along with Self-declaration given in <b>Annexure 1</b>
National Pension Scheme	NIL	Self-attested valid documentary evidence (e.g., relevant copy of registration, notification, order, etc.) grating approval to the Scheme along with Self-declaration given in <b>Annexure 1</b>
Entities exempt under Section 10 of the Act	NIL	If the income is exempt under the Act, the authorized signatory shall submit the declaration given in <b>Annexure 1</b> duly signed with stamp affixed for the purpose of claiming exemption from TDS (entities as provided in <b>Circular No.18 of 2017</b> )
Corporation established by or under a Central Act/ State Act which is, under any law for the time being in force, exempt from income-tax on its income including entities in which such corporations are the beneficial shareholders	NIL	Documentary evidence that the person is covered under section 196 of the Act along with self-declaration given in <b>Annexure 1</b> .
Order under section 197 of the Act	Rate provided in the order	Lower/NIL withholding tax certificate obtained from Income Tax authorities.
Benefit under Rule 37BA	Rates based on the status of the beneficial owners	In case where shares are held by Clearing Member/ 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.
Other resident shareholders without PAN/Invalid PAN/ Deleted PAN/ non-compliance of Section 206AB	20%	

Accordingly, 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 .

**FOR 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.

## II. Non-resident Shareholders

In respect of Non-Resident Shareholders, Tax will be deducted at source (“TDS”) under Section 195 and Section 196D of the Act @ 20% (plus applicable surcharge and cess) on the amount of dividend payable unless exempt under the provisions of the Act as given below:

Category of Shareholder	Tax Deduction Rate	Exemption Applicability/ Documents required
Any non-resident shareholder (including Foreign Institutional Investors, Foreign Portfolio Investors (FII, FPI))	20% (plus applicable surcharge and cess) or Tax Treaty rate whichever is lower	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 compulsorily provide the following documents: a. Copy of Permanent Account Number (PAN), if available. b. Self-attested copy of Tax Residency Certificate (‘TRC’) issued by the revenue authorities of the country of which shareholder is tax resident, evidencing and certifying shareholder’s tax residency status during FY 2022-23. c. Completed and duly signed Self-Declaration in Form 10F as per the format specified under Income Tax Act, 1961. d. Self-declaration of having no taxable presence, fixed base or permanent establishment in India in accordance with the applicable Tax Treaty and Beneficial ownership by the non-resident shareholder. Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company of the documents submitted by the Non-Resident shareholders. 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. TDS shall be recovered at 20% (plus applicable surcharge and cess) if any of the above-mentioned documents are not provided.
Submitting Order under section 195(3)/197 of the Act	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from Income Tax authorities.

### **Submission of Declarations and other Documents:**

Kindly note that the aforementioned documents should be emailed to the Company at [satia.secretarial@satiagroup.com](mailto:satia.secretarial@satiagroup.com). The Company is not liable to consider the documents emailed at any other email ID except [satia.secretarial@satiagroup.com](mailto:satia.secretarial@satiagroup.com).

Kindly note that no communication/documents on the tax determination / deduction shall be considered post 11:59 PM (IST) of March 03, 2023.

**No claim shall lie against the Company for such taxes deducted.**

In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be 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.

Pursuant to the General Circular No. 20/2020 dated 5<sup>th</sup> May 2020 issued by Ministry of Corporate Affairs, the dividend will be paid electronically in the Members bank accounts.

**Updation of PAN, Email ID, Mobile, Bank and other details**

Members are requested to verify / update their PAN, Email address for communication, Mobile number, Bank details etc.

(a) For Shares held in Demat form with the Depository Participants

(b) For Shares held in Physical form with the Company [satia.secretarial@satiagroup.com](mailto:satia.secretarial@satiagroup.com) along with supporting documents.

Shareholders, whose valid PAN is updated, will be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at <https://www.incometax.gov.in/iec/foportal/>

We request your cooperation in this regard.

We urge you to stay safe.

**For Satia Industries Limited**

**Company Secretary**

**Encl.: as above**

**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**

**Annexure 1**

Date:

To

Satia Industries Limited

VPO, Rupana, Muktsar,

Punjab - 152032

India.

**Subject: Declaration regarding Category and Beneficial Ownership of shares**

**Ref: PAN** – Mention PAN of Shareholder

**Folio Number / DP ID/ Client ID** – Mention all the account details

With reference to the captioned subject, and in relation to the appropriate withholding of taxes on the Dividend payable to me / us by **Satia Industries Limited** (the Company), I / We hereby declare as under:

1. We, **Full name of the shareholder** \_\_\_\_\_, holding share/shares of the Company as on the record date, hereby declare that I am /we are tax resident of India for the period April 2022-March 2023 (Indian Fiscal Year).

2. We hereby declare that (Select Applicable)

We are **Insurance Company** and are the beneficial owner of the share/shares held in the Company; and we are submitting self-attested copy of PAN Card.

We are **Mutual Fund** specified in Section 10(23D) of the Income Tax Act, 1961 and are the beneficial owner of the share/shares held in the Company; and we are submitting self-attested copy of PAN Card and registration certificate.

We are **Alternative Investment fund** established in India and are the beneficial owner of the share/shares held in the Company; and our income is exempt under Section 10(23FBA) of the Act and are governed by SEBI regulations as Category I or Category II AIF; and we are submitting self-attested copy of the PAN card and registration certificate.

We are **category of the entity** and are the beneficial owner of the share/shares held in the Company; and are not subject to withholding tax under section 196 of the Income Tax Act; and we

are submitting self-attested copy of the documentary evidence supporting the exemption status along with self-attested copy of PAN card.

We are specified person <<mention category of person mentioned by provision>> in terms of section 10 and are the beneficial owner of the equity share(s) held in the Company; and our income is exempt under Section 10 of the Act and we are submitting self-attested copy of the documentary evidence supporting the exemption status along with self-attested copy of PAN card.

We are **(Recognised Provident Fund/Approved Superannuation Fund/Approved Gratuity Fund/National Pension Scheme / any other entity entitled to exemption from TDS)** and are the beneficial owner of the share/shares held in the Company; and are exempted from TDS deduction under **(Please specify the relevant Section/Rules giving exemption under the Income Tax Act)**; and we are submitting self-attested copy of the documentary evidence supporting the exemption status (e.g. relevant copy of registration, notification, order, etc.) along with self-attested copy of PAN card.

3. I/ We further indemnify the Company for any penal consequences arising out of any acts of commission or omission initiated by the Company by relying on my/ our above averment.
4. I/We hereby confirm that the above declaration should be considered to be applicable for all the shares held in the Company under PAN/ accounts declared in the form.

Thanking you.

Yours faithfully,

For Name of the shareholder

<<insert signature>>

Authorized Signatory -