



GARDEN REACH SHIPBUILDERS & ENGINEERS LIMITED

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CIN: L35111WB1934GOI007891

TAXATION ON DIVIDEND DISTRIBUTION

28 Jan 2021

Dear Shareholder,

Subject: Intimation / Communication in respect to Deduction of tax at source on Dividend for Financial Year 2020-21

- Pursuant to the amendments introduced by the Finance Act, 2020 the 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 (TDS) at the prescribed rates on the dividend paid to its shareholders w.e.f. 1st April 2020. No tax will be deducted on payment of dividend to the resident individual shareholders if the total dividend paid does not exceed ₹5,000/- The withholding tax rate would vary depending on the residential status of the shareholder and documents registered with the Company.

A. RESIDENT SHAREHOLDERS

- Tax Deductible at Source for Resident Shareholders

Sr. No.	Particulars	Withholding tax rate	Documents required (if any)
1	Valid PAN updated in the Company's Register of Members	7.5%	No document required (if no exemption is sought) <i>Update/Verify the PAN, and the residential status as per Act, if not already done, with the depositories (in case of shares held in demat mode) and with the Company's Registrar and Transfer Agents – Alankit Assignments Limited (in case of shares held in physical mode).</i>
2	No PAN/Valid PAN not updated in the Company's Register of Members	20%	No document required (if no exemption is sought)
3	Availability of lower/nil tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961	Rate specified in the certificate	Lower tax deduction certificate obtained from Income Tax Authority

(b) No Tax Deductible at Source on dividend payment to resident shareholders if the Shareholders submit and register following documents as mentioned in column no. 4 of the below table with the Company / RTA.

Sr. No.	Particulars	Withholding tax rate	Documents required (if any)
1	Submission of form 15G/15H	NIL	Declaration in Form No. 15G (applicable to any person other than a company or a firm) / Form 15H (applicable to an Individual who is 60 years and above), fulfilling certain conditions.
2	Shareholders to whom section 194 of the Income Tax, 1961 does not apply such as LIC, GIC, etc.	NIL	Documentary evidence that the said provisions are not applicable. A declaration that they are beneficial owners of shares held, along with self-attested copy of IRDAI registration documents and PAN.
3	Shareholder covered u/s 196 of Income Tax Act, 1961 such as Government, RBI, corporations established by Central Act & mutual funds.	NIL	Documentary evidence for coverage u/s 196 of Income Tax Act, 1961. In case of Mutual Funds, a declaration that they are governed by the provisions of section 10(23D) of the Act along with self-attested copy of relevant registration documents.
4	Category I and II Alternative Investment Fund	NIL	SEBI registration certificate and PAN to claim benefit under section 197A (1F) of Income Tax Act, 1961.
5	<ul style="list-style-type: none"> ▪ Recognised provident funds ▪ Approved superannuation fund ▪ Approved gratuity fund 	NIL	Necessary documentary evidence as per Circular No. 18/2017 issued by Central Board of Direct Taxes (CBDT).
6	National Pension Scheme	NIL	Documentary evidence that the person is covered under the provisions of Section 197A (1E) of Income Tax Act, 1961 (self-attested).

B. NON-RESIDENT SHAREHOLDERS:

Withholding tax on dividend payment to non-resident shareholders if the non-resident shareholders submit and register following document as mentioned in column no. 4 of the below table with the Company / RTA

Sr. No.	Particulars	Withholding tax rate	Documents required (if any)
1	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess)	FII/ FPI registration certificate.

2	Other Non-resident shareholders	20% (plus applicable surcharge and cess) or tax treaty rate whichever is beneficial	<p>To avail beneficial rate of tax treaty following tax documents would be required:</p> <ul style="list-style-type: none"> i) Tax Residency certificate issued by revenue authority of country of residence of shareholder for the year in which dividend is received ii) PAN iii) Form 10F filled & duly signed iv) Self-declaration, certifying the following points: <ul style="list-style-type: none"> (a) Member is and will continue to remain a tax resident of the country of its residence during the financial year 2020-21; (b) Member is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company; (c) Member has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner; (d) Member is the ultimate beneficial owner of its shareholding in the Company and Dividend receivable from the Company; and (e) Member does not have a taxable presence or a permanent establishment in India during the financial year 2020-21. <p>(Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness of the documents submitted by the Non-Resident shareholder and review to the satisfaction of the Company)</p>
3	Indian Branch of a Foreign Bank	NIL	<p>Lower tax deduction certificate u/s 195(3) obtained from Income Tax Authority.</p> <p>Self-declaration confirming that the income is received on its own account and not on behalf of the Foreign Bank</p>
4	Availability of Lower/NIL tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961	Rate specified in certificate	Lower tax deduction certificate obtained from Income Tax Authority

2. In order to enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to provide the aforesaid details/ documents on or before Thursday, 18th February, 2021. Any communication on the tax determination/deduction received post Thursday, 18th February, 2021 shall not be considered. It may be further noted that application of TDS rate is subject to necessary verification by the Company of the shareholder details as available in Register of Members as on the Record Date, and other documents available with the Company / RTA.

The aforementioned documents, as applicable, are required to be emailed to the Company Secretary of the Company at investor.grievance@grse.co.in.

3. In case, TDS is deducted at a higher rate in absence of receipt of the aforementioned details / documents from you, an option is still available with the shareholder to file the return of income and claim an appropriate refund, if eligible.
4. Shareholders holding shares under multiple accounts under different status/category and single PAN, may note that, higher of the tax applicable to the status in which the shares under the PAN will be considered on the entire holding in different accounts.
5. Dividend, if declared will be paid within 30 days from the date of declaration, to those Members whose names appear on the Register of Members/ list of Beneficial owners as on the Record Date.
6. Payment of dividend shall be made through electronic mode to the Shareholders who have updated their bank account details. Dividend warrants / demand drafts will be despatched to the registered address of the shareholders who have not updated their bank account details.
7. We also request you to submit / update your bank account details with your Depository Participant, in case you are holding shares in the electronic form. In case your shareholding is in the physical form, you are requested to intimate any change of address and / or bank mandate to M/s Alankit Assignments Limited, Registrar and Share Transfer Agent of the Company by sending a request on email at rta@alankit.com or contact the Company Secretary of the Company at investor.grievance@grse.co.in.
8. The Company will arrange a soft copy of the TDS certificate to its shareholders through registered email registered with the Company / RTA post payment of the said Dividend. Shareholders will be able to download the TDS certificate from the Income Tax Department's website <https://incometaxindiaefiling.gov.in> (refer to Form 26AS).
9. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the Member/s, such Member/s will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any appellate proceedings.
10. This Communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Shareholders should consult their tax advisors for requisite action to be taken by them.

For Garden Reach Shipbuilders & Engineers Limited
Sd/-
(Sandeep Mahapatra)
Company Secretary and Compliance Officer