



CG POWER AND INDUSTRIAL SOLUTIONS LIMITED

(CIN :L99999MH1937PLC002641)

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Communication to Shareholders - Intimation on Tax Deduction on Dividend

Date: 24th January, 2024

Dear Shareholder,

We hope this communicate finds you safe and in good health.

We are pleased to inform you that the Board of Directors at their Meeting held on 23rd January, 2024 have declared payment of Interim dividend of Rs. 1.30/- per equity share of face value of Rs. 2/- each for the Financial Year 2023-24.

Members holding shares as on Monday, 5th February, 2024, which is the Record date fixed for the purpose, will be entitled to receive the dividend after deduction of applicable tax. In order to avail exemptions/ concessions from Tax, Shareholders are required to submit necessary documents and details as enumerated in the following paragraphs.

Tax Deduction at Source (TDS) on Dividend

Shareholders may note that pursuant to the changes in the Income Tax Act, 1961 ('the Act') as amended by the Finance Act, 2020, dividend income will be taxable in the hands of the shareholders and the Company is required to deduct tax at source (TDS) at the time of making the payment of dividend to shareholders at the prescribed rates. The tax deduction/ withholding tax rate would vary depending on the residential status of the shareholder and the exemptions as enumerated in the Act subject to fulfilling the documentary requirements.

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

I. Resident shareholders:

In respect of Resident Shareholders, Tax will be deducted at source ("TDS") under Section 194 of the Act @ 10% on the amount of dividend payable unless exempt under any of the provisions of the Act subject to fulfilment of the following conditions:

1. Valid Permanent Account Number ("PAN") will be mandatorily required.
2. Shareholders holding shares under multiple accounts under different status/ category (e.g., Resident and Non-Resident) 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.
3. **Non-linkage of PAN with Aadhaar:** As per Section 139AA of the Income Tax Act, every person who has been allotted a PAN and who is eligible to obtain Aadhaar, shall be required to link the PAN with Aadhaar. In case of failure to comply with this, the PAN allotted shall be deemed to be invalid/ inoperative and tax shall be deducted at the rate of 20% as per the provisions of Section 206AA of the Act.
4. For Shareholders who are identified as "Specified Persons" under Section 206AB of the Act, higher tax rate as applicable would be deducted if:

- Shareholder has not filed the returns of income for the assessment year relevant to the previous year, immediately before the previous year for which the time limit for furnishing the return of income has expired, in which tax is required to be deducted/ collected; and
- Aggregate of tax deducted at source and tax collected at source is rupees fifty thousand or more in the said previous year.

For the purpose of TDS, Company will verify the status (i.e., Specified Person or not and PAN-Aadhaar linkage status) from the Government enabled online facility and deduct TDS accordingly.

Apart from the above, specific provisions applicable to Resident-Individuals and Resident Non-Individuals are given below for ready reference.

IA. Resident Shareholders (Individual):

1. In case of Individuals, TDS would not apply if the total dividend to be received by them during FY 2023-24 does not exceed Rs.5,000/-. The threshold amount of Rs.5,000/- shall be at the PAN (Permanent Account Number) level and not at Folio/ DP level.
2. Tax will not be deducted at source in cases where a shareholder provides duly signed Form 15G (**Annexure 1**) (applicable to an individual below the age of 60 years) / Form 15H (**Annexure 2**) (applicable to an individual of the age of 60 years and above), provided that the eligibility conditions are met.
3. Valid PAN will be mandatorily required. However, if the PAN is not updated or is invalid or is deleted or if Aadhaar is not linked or is classified as Specified Person under Section 206AB, then the higher rate as per the Act (i.e., 20%) would apply.

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, along with the following documents: 1. PAN 2. Registration certificate 3. Self-declaration given in Annexure 3
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 Annexure 3
Alternative Investment fund (AIF) established/ incorporated in India	NIL	Documentary evidence that the person is covered by Notification No. 51/2015 dated 25 th 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 3. Self-declaration given in Annexure 3
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 Annexure 3
Approved Superannuation Fund/ Approved Gratuity Fund	NIL	Self-attested copy of valid approval granted by the Commissioner needs to be submitted: 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 Annexure 3
National Pension Scheme	NIL	Self-attested valid documentary evidence (e.g., relevant copy of registration, notification, order, etc.) granting approval to the Scheme along with Self-declaration given in Annexure 3
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 Annexure 3 duly signed with stamp affixed for the purpose of claiming exemption from TDS (entities as provided in Circular No.18 of 2017)
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 Annexure 3 .
Order under Section 197 of the Act	Rate provided in the order	Lower/ NIL withholding tax certificate obtained from Income Tax authorities for FY 2023-24. The certificate must cover Dividend Income.
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 given in Annexure 4 along with Appendix A . Any declaration submitted after the cut-off date will not be accepted.
Other resident shareholders without PAN/ Invalid PAN/ Deleted PAN/ PAN-Aadhaar not linked/ non-compliance of Section 206AB	20%	-

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: - Copy of Permanent Account Number (PAN), if available. - 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 2023-24. - 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). Steps to file the same is enclosed as (for shareholders who have PAN - Annexure 5a) and (for shareholders who do not have PAN - Annexure 5b). - 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 (Annexure 6). 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 for FY 2023-24. The certificate must cover Dividend Income.

Note:

- Shareholders holding shares under multiple accounts under different status/ category (e.g. Resident and Non-Resident) 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.
- For Shareholders who are identified as "Specified Persons" under Section 206AB of the Act, higher tax rate as applicable would be deducted if:
 - Shareholder has not filed the returns of income for the assessment year relevant to the previous year, immediately before the previous year for which the time limit for furnishing the return of income has expired, in which tax is required to be deducted/ collected; and
 - Aggregate of tax deducted at source and tax collected at source is rupees fifty thousand or more in the said previous year.

For the purpose of TDS, Company will verify the status (i.e., Specified Person or not) from the Government enabled online facility and deduct TDS accordingly. It may be noted that as per Section 206AB, the specified persons shall not include a non-resident who does not have a permanent establishment in India.

Annexures:

To view / download Annexures (1 - 6, Appendix A) [click here](#).

Submission of Declarations and other Documents:

You are therefore requested to send the aforesaid documents and annexures as explained above duly filled and signed, by email, mentioning the name and Folio/ DP ID Client ID of the Shareholder and Writing "Dividend - TDS" in the subject line, to our Registrar and Transfer Agent (RTA) - Datamatics Business Solutions Limited at cginvestors@datamaticsbpm.com or by post/courier to the Company's Registrar and Transfer Agent (RTA) at the address mentioned below **on or before 2nd February, 2024**. This would enable the Company to determine the appropriate TDS/ withholding tax rate applicable.

It may be further noted that in case the tax on said Interim Dividend is deducted at a higher rate in the absence of receipt of the aforementioned details/ documents from you or on application of provisions of Section 206AB, 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.

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 5th May, 2020 issued by the 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. with the Depository Participants (Demat Shares)/ RTA (Physically held shares).

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 any further information, you can contact either of the following:

Company (at the Registered office)	Registrar and Transfer Agent (RTA)
CG Power and Industrial Solutions Limited Secretarial Department CG House, 10 th Floor, Worli, Mumbai - 400 030. Tel No: +91 22 2423 7777 Fax No. +91 22 2423 7733 Email: investorservices@cgglobal.com	Datamatics Business Solutions Limited Plot No. B-5, Part B Cross Lane, MIDC, Andheri (East), Mumbai - 400 093. Tel No.: +91 22 6671 2001 to 6671 2006 Fax No.: +91 22 6671 2011 Email: cginvestors@datamaticsbpm.com

Yours Sincerely,
For CG Power and Industrial Solutions Limited

Sd/-
Sanjay Kumar Chowdhary
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

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