

KRITIKA

WIRED DIFFERENTLY

TAX DEDUCTED AT SOURCE (TDS) / WITHHOLDING TAX ON DIVIDEND

The Board of Directors of Kritika Wires Limited ("the Company") at its Meeting held on 28th May, 2022, have recommended Final Dividend @ 5% (Re. 0.50p per equity share of Rs.10 each) for the Financial Year 2021-2022 subject to approval of the Shareholders at the ensuing Annual General Meeting of the Company.

If the dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend shall be made to all the beneficial owners in respect of shares held by them in dematerialized form as per the data of National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) at the close of the business hours on 22nd July, 2022.

In view of the changes made under the Income Tax Act, 1961, by the Finance Act, 2020, dividends paid or distributed by the Company shall be taxable in the hands of the Shareholders. The Company shall accordingly make the payment of the Final dividend after deduction of Tax at Source (TDS).

For 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. However, in case of individuals, TDS would not apply if the aggregate of total dividend distributed to them by the Company during FY 2022-23 does not exceed Rs. 5,000.

Tax at source will not be deducted in cases where a shareholder provides Form 15G (applicable to individuals upto the age of 60 years) / Form 15H (applicable to individual above the age of 60 years), provided that the eligibility conditions are being met.

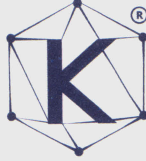
Needless to mention, the Permanent Account Number (PAN) will be mandatorily required.

In order to provide exemption from withholding of tax, the following organisations must provide a self-declaration as listed below:

- **Insurance companies:** A declaration that they are beneficial owners of shares held, copy of relevant registration documents and PAN (self-attested). Documentary evidence (self-attested IRDA registration certificate) that the provisions of section 194 of the Act are not applicable to them and along with a declaration that they are the beneficial owner of the shares;
- **Mutual Funds:** A declaration that they are governed by the provisions of section 10(23D) of the Act along with copy of registration documents and PAN (self-attested);



Kritika Wires Limited



KRITIKA

WIRED DIFFERENTLY

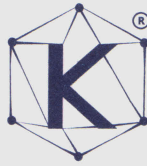
- **Alternative Investment Fund (AIF) established in India:** A declaration that its income is exempt under section 10(23FBA) of the Act and they are established as Category I or Category II AIF under the SEBI regulations. Copy of registration documents and PAN (self-attested) should be provided;
- **New Pension System Trust:** A declaration that they are governed by the provisions of Section 10(44) [subsection 1E to Section 197A] of the Act along with copy of registration documents and PAN (self-attested);
- **Corporation established by or under a Central Act:**
 - a. Self-Declaration stating that the shareholder is 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 (giving the details of Act or Law under which it is exempt) - is covered by section 196(iii) of the Act; and
 - i. dividend is payable in respect of securities or shares owned by corporation; or
 - ii. in which corporation has full beneficial interest in shares.
 - b. Self-attested copy of PAN Card;
 - c. Self-attested copy of certificate of incorporation.

For Non-resident Shareholders: Tax is required to be withheld in accordance with the provisions of Section 195 and 196D of the Act at applicable rates in force. As per the relevant provisions of the Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. However, as per Section 90 of the Act, a non-resident shareholder including FII and FPI have 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 Tax Treaty benefits, the non-resident shareholder will have to provide the following:

- a) Self-attested copy of Permanent Account Number (PAN Card), if any, allotted by the Indian income tax authorities;
- b) Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is resident;
- c) Self-declaration in Form 10F, if all the details required in this form are not mentioned in the TRC;



Kritika Wires Limited



KRITIKA

WIRED DIFFERENTLY

- d) Self-declaration by the non-resident shareholder of having no permanent establishment in India in accordance with the applicable Tax Treaty;
- e) Self-declaration of beneficial ownership by the non-resident shareholder.

The Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial DTAA Rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non-Resident shareholder.

To enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to upload the requisite details and documents with Link Intime India Pvt. Ltd. ("LI IPL"), the Registrar and Transfer Agent of the Company not later than, Friday, 15th July, 2022 through the given link i.e., <https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html>.

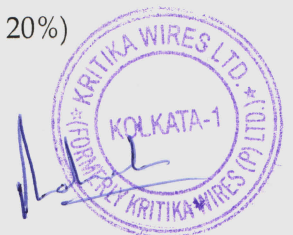
Dividend will be paid after deducting the tax at source as under:

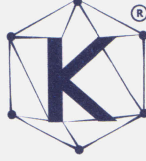
- NIL for resident shareholders receiving dividend upto Rs. 5,000 or in case Form 15G / Form 15H (as applicable) along with self-attested copy of the PAN is submitted;
- 10% for resident shareholders receiving dividend in excess of Rs. 5,000 in case PAN is provided/ available;
- 20% for resident shareholders, if PAN is not provided / not available
- Tax will be assessed on the basis of documents submitted by the non-resident shareholders
- 20% plus applicable surcharge and cess for non-resident shareholders in case the aforementioned documents are not submitted
- Lower/ NIL TDS on submission of self-attested copy of the certificate issued under section 197 of the Income Tax Act, 1961
- **Higher TDS rates for non-filers of Income tax return:** TDS on payment of dividend to Specified Person* shall be subject to higher rates under section 206AB of the Act (with effect from July 1, 2021) for Resident Shareholders and Non-Resident Shareholders who have Permanent establishment in India:

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

- a) twice the rate specified in the relevant provision of the Act (i.e., 20%)

Kritika Wires Limited





KRITIKA

WIRED DIFFERENTLY

- b) twice the rate or rates in force; or
- c) the rate of five per cent.

** Specified Person means a person who satisfies both the following conditions:*

- i. has not filed the returns of income for the Assessment Year relevant to the immediate previous year for which time limit for filing return of income has expired i.e., Financial Year 2019-20 in the present case.*
- ii. the aggregate of tax deducted and collected at source exceeds Rs. 50,000 in the said previous year.*

The Company would be undertaking verification of the shareholders on the Government enabled online facility and would withhold tax at a higher rate in the case of Specified Person.

It is to be noted that provisions of section 206AB of the Act are applicable to non-resident shareholders who have Permanent Establishment in India. In this regard, non-resident shareholders who fulfil the criteria of Specified Person (as listed above) are requested to intimate by way of a declaration in specified format to the Company that they don't have a Permanent Establishment in India. For the purpose of this section, the expression 'Permanent Establishment' includes a Fixed Place of business through which the business of the foreign enterprise is wholly or partly carried on in India.

In the absence of receipt of the above-mentioned documents/details or completeness of the documents, the Company shall deduct the tax as per the provisions of Income-tax Act. No claim shall be entertained by the Company for such taxes deducted.

While on the subject, we request the shareholders to submit / update their bank account details with their Depository Participant(s).



Kritika Wires Limited