

13th May 2024

BSE Limited
Corporate Relationship Dept
1st Floor, New Trading Ring,
Rotunda Building,
P.J. Towers, Fort,
Mumbai – 400 001

National Stock Exchange of India Ltd.
5th floor, Exchange Plaza, Plot No.C-1
Block “G” Bandra Kurla Complex
Bandra (East)
Mumbai – 400 051

BSE : 504112

NSE: Nelco EQ

Dear Sir,

Sub: Communication to Shareholders - Intimation on Tax Deduction on Dividend

Pursuant to the Finance Act, 2020, with effect from 1st April 2020, Dividend Distribution Tax is abolished and dividend income is taxable in the hands of the shareholders.

In this regard, please find enclosed herewith an email communication which has been sent to all the shareholders having their email ID's registered with the Company/Depositories explaining the process on withholding tax from dividends paid to the shareholders at prescribed rates along with the necessary annexures.

This is for your information and records. This communication is also available on the website of the Company at www.nelco.in.

For Nelco Limited

P.J.Nath
Managing Director & CEO
DIN : 05118177

Encl: As above



Nelco Limited

Corporate Identity Number (CIN): L32200MH1940PLC003164

Registered Office: EL-6, Electronics Zone, MIDC, Mahape, Navi Mumbai - 400 710, India.

Tel. No.: +91 22 6791 8728, 6739 9100

Email: services@nelco.in; **Website:** www.nelco.in

13th May 2024

Dear Shareholder,

We are pleased to inform you that the Board of Directors at their Meeting held on 23rd April 2024 have recommended Dividend of Rs. 2.20/- per Equity Share of Rs. 10/- each (22%) for the Financial Year ended 31st March 2024, subject to the approval of the shareholders of the Company at its ensuing Annual General Meeting.

The dividend, as recommended by the Board and if approved at the ensuing Annual General Meeting to be held in 2024, will be paid to shareholders holding equity shares of the Company, either in electronic or in physical form as on the record date, i.e. Monday, 10th June 2024.

In terms of the provisions of the Income Tax Act, 1961, as amended by the Finance Act, 2020 ("the Act"), 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 at the time of making the payment of the said Final Dividend if declared at the above AGM. TDS rate may vary depending on the residential status of the shareholder and the documents submitted to and accepted by the Company under the provisions of the Act.

Further, according to the provisions of section 206AB, higher rates of tax would be deducted in case of payment to a specified person effective from 1st July 2021. A specified person for this section means a person who has not furnished their return of income for the previous year (FY 2022-23) immediately preceding the financial year in which tax is required to be deducted and for which the time limit for furnishing the return of income under section 139(1) of the Act has expired and the aggregate of tax deducted at source and collected at source is rupees fifty thousand or more in the said previous year. A specified person shall not include a non-resident who does not have a permanent establishment in India or any person who is not required to furnish the return of income for the assessment year relevant to the said previous year and is notified by the Central Government in the Official Gazette in this behalf.

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 to this, the PAN allotted shall be deemed to be invalid/inoperative and tax shall be deducted at higher rates as prescribed under the Act. The Company will rely on the reports downloaded from the reporting portal of the income tax department for checking validity of PANs / inoperative PANs / specified persons under section 206AB of the Act.

A non-resident shareholder who does not have Permanent establishment in India is excluded from the scope of the above provision/s.

Shareholders holding physical securities are requested to note that SEBI, vide its circular dated 3rd November 2021 (subsequently amended by circulars dated 14 December 2021, 16 March 2023 and 17 November 2023) mandated that the security holders, holding securities in physical form, whose folio(s) do not have PAN, Choice of Nomination, Contact Details, Mobile Number, Bank Account Details, Specimen Signature updated, shall be eligible for any payment including dividend, interest or redemption in respect of such folios, only through electronic mode with effect from 1st April 2024, upon their furnishing all the aforesaid details in entirety to Registrar and transfer Agent.

The TDS for various categories of shareholders along with required documents are provided in Tables 1 and 2 below:

Table 1: Resident Shareholders

Category of shareholder	Tax Deduction Rate	Exemption applicability/ Documentation requirement
Any resident shareholder	10%	Update valid PAN if not already done with depositories (in case of shares held in Demat mode) and with the Company's Registrar and Transfer Agents - TSR Consultants Private Limited (in case of shares held in physical mode). No deduction of taxes in the following cases - <ul style="list-style-type: none"> ○ If dividend income to a resident Individual shareholder during FY 2024-25 does not exceed INR 5,000/-, ○ If the shareholder is exempted from TDS provisions through any circular or notification and provides an attested copy of the PAN along with the documentary evidence in relation to the same.
Resident individuals submitting Form 15G/ 15H	NIL	Shareholders providing Form 15G (Refer Annexure 1) (applicable to individuals below 60 years) / Form 15H (Refer Annexure 2) (applicable to an Individual above the age of 60 years) - on fulfillment of prescribed conditions. Note - All fields are mandatory to be filled up and Company may at its sole discretion reject the form if it does not fulfill the requirement of law.
Order under section 197 of the Act	Rate provided in the order	Lower/NIL withholding tax certificate obtained from Income Tax authorities.
Insurance Companies: Public & Other Insurance Companies	NIL	Documentary evidence that the provisions of section 194 of the Act are not applicable (Annexure 3).

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.	NIL	Documentary evidence that the person is covered under section 196 of the Act (Annexure 3).
Mutual Funds	NIL	Documentary evidence that the person is covered under section 196 of the Act (Annexure 3).
Business Trust	NIL	Documentary evidence that the provisions of section 194 of the Act are not applicable (Annexure 3).
Alternative Investment fund	NIL	Documentary evidence that the person is covered by Notification No. 51/2015 dated 25 June 2015 (Annexure 3).
Recognized Provident funds/ Approved Superannuation fund/Approved Gratuity Fund	NIL	Documentary evidence that the person is covered by Circular No. 18/2017 dated 29 May 2017 (Annexure 3).
New Pension System Trust	NIL	Documentary evidence that the person is covered under 197A(1E) of the Act (Annexure 3).
Other resident shareholders without registration of PAN or having Invalid PAN or an inoperative PAN (PAN & Aadhaar not linked) or a person who is considered as specified person u/s 206AB	20%	Update valid PAN if not already done with depositories (in case of shares held in Demat mode) and with the Company's Registrar and Transfer Agents - TSR Consultants Private Limited (in case of shares held in physical mode).

Please note the following:

- a) **Recording of the valid Permanent Account Number (PAN) for the registered Folio/DP id-Client Id is mandatory. In absence of a valid PAN, the tax will be deducted at a higher rate of 20% as per Section 206AA of the Act.**
- b) **In the case of persons categorized as a specified person as per Section 206AB, a higher rate of 20% shall apply. The list of 'specified person' for the purpose of section 206AB shall be obtained at the time of deduction of TDS, from the reporting portal utility made available by the Income Tax department as per the CBDT Circular No. 10/2022 dated 17.05.2022.**
- c) **Shareholders holding shares under multiple accounts under different status/categories 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.**

- d) Transferring credit to the beneficial owner - As per Rule 37BA, in the case where the dividend is received in the hands of one person but is assessable in the hands of other person, the tax may be deducted in the name of such other person if the first-mentioned person provides a declaration as prescribed in this regard. The aforesaid declaration shall contain (i) name, address, PAN, and residential status of the person to whom credit is to be given; (ii) payment in relation to which credit is to be given; and (iii) the reason for giving credit to such person We request you to provide any such details latest by 7th June 2024. (Refer to Annexure 4 for sample format).

Table 2: Non-resident Shareholders

Category of shareholder	Tax Deduction Rate	Exemption applicability/ Documentation requirement
Any Non-resident shareholder, Foreign Institutional Investors, Foreign Portfolio Investors (FII, FPI)	20% / Tax Treaty rate whichever is lower (increased by surcharge and cess wherever applicable)	<p>Non-resident shareholders may opt for a tax rate under the Double Taxation Avoidance Agreement ("Tax Treaty"). The Tax Treaty rate shall be applied for tax deduction at source on submission of the following documents to the company:</p> <ul style="list-style-type: none"> • Self-attested copy of Tax Residency Certificate (TRC) (of FY 2024-25 or calendar year 2024), valid as on the AGM date obtained from the tax authorities of the country of which the shareholder is resident. • Self-declaration in Form 10F executed in electronic mode from Income tax portal. (Refer Annexure 5 for procedure to file electronic Form 10F). • Self-declaration confirming not having a Permanent Establishment in India and eligibility to Tax Treaty benefit (of FY 2024-25 or calendar year 2024) (format attached herewith - Refer to Annexure 6). <p>TDS shall be recovered at 20% (plus applicable surcharge and cess) if any of the above-mentioned documents are not provided. Further, please provide a copy of the PAN Card, if registered with the Indian tax authorities.</p> <p>The Company is not obligated to apply the Tax Treaty rates at the time of tax deduction/withholding on dividend amounts. Application of Tax Treaty rate shall depend upon the completeness of the documents submitted by the non-resident shareholder and are in accordance with the provisions of the Act.</p>
Submitting Order under section 197 of the Act	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from Income Tax authorities.
Non-Resident Shareholders who are tax residents of Notified Jurisdictional Area as defined u/s 94A(1) of the Act	30%	NA

Sovereign Wealth Funds and Pension funds notified by Central Government u/s 10(23FE) of the Act	NIL	<ul style="list-style-type: none"> • Copy of the notification issued by CBDT substantiating the applicability of section 10(23FE) of the Act issued by the Government of India. • Self-Declaration that the conditions specified in section 10(23FE) have been complied with
Specified persons as prescribed under section 10(23FE) of the Act	NIL	Self-Declaration substantiating the fulfillment of conditions prescribed under section 10(23FE) of the Act

Note:

- 1. The Shareholders holding shares under multiple accounts under different status/categories 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.**
- 2. In the case of persons categorized as a specified person as per Section 206AB, a higher rate of 40% (plus applicable surcharge and cess) shall apply if the non-resident has a permanent establishment ('PE') in India. For this purpose, the expression PE includes a fixed place of business through which the business of the non-resident is wholly or partly carried on. The list of 'specified person' for the purpose of section 206AB shall be obtained at the time of deduction of TDS, from the reporting portal utility made available by the Income Tax department.**

SUBMISSION OF TAX RELATED DOCUMENTS:

Resident Shareholders

The aforementioned documents can be uploaded on the link <https://liiplweb.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> on or before **7th June 2024** to enable the Company to determine the appropriate TDS / withholding tax rate applicable.

Resident Shareholders can also send the scanned copies of the documents mentioned above at the below mentioned email ids, **mentioning the name of the Company i.e. Nelco Limited, in the subject line:**

<u>Resident</u> shareholders to send to	Csgexemptforms2425@linkintime.co.in
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Non-Resident shareholders

Non-Resident Shareholders are requested to send the scanned copies of the documents mentioned above at the below mentioned email ids, **mentioning the name of the Company**

i.e. Nelco Limited, in the subject line:

<u>Non-Resident</u> shareholders to send to	dividend2024@nelco.in
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These documents should reach us **on or before 7th June 2024 in** order to enable the Company to determine and deduct appropriate TDS / withholding tax rate. No communication on the tax determination / deduction shall be entertained post **7th June 2024**. It` may be further noted that in case the tax on said Dividend is deducted at a higher rate in the absence of receipt of the aforementioned details/documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible. However, no claim shall lie against the Company for such taxes deducted.

NOTES

- 1) Shareholders are requested to ensure that their bank account details in their respective demat accounts are updated, to enable the Company to make timely credit of dividend in their bank accounts.
- 2) Shareholders whose valid PAN is updated with us / our RTA, post payment and filling of TDS return 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/>
- 3) This communication shall not be treated as an advice from the Company or its affiliates or its Registrar & Transfer Agent. Shareholders should obtain the tax advice related to their tax matters from a tax professional.

To view / download Annexure-1 Form 15G [Click here](#).

To view / download Annexure-2 Form 15H [Click here](#).

To view / download Annexure-3 Resident Tax Declaration [Click here](#).

To view / download Annexure-4 Declaration under Rule 37BC [Click here](#).

To view / download Annexure-5 Procedure to file application for Form 10F online on Income Tax Portal [Click here](#).

To view / download Annexure-6 Non Resident PE and Beneficial ownership declaration [Click here](#).

Thanking you,

Yours faithfully,

For Nelco Ltd.
Malav Shah
Chief Financial Officer
Encl.: as above