



## **DIVIDEND FOR FY 2023-24**

### **Information regarding Tax Deduction at Source (TDS) / withholding tax on Dividend**

We wish to inform you that the Board of Directors of your Company (Board), at its meeting held on May 24, 2024, has recommended a dividend of Rs. 4 (Rupees Four only) per equity share of the Company of face value of Rs. 10/- each, for the financial year ended March 31, 2024, subject to approval of the shareholders of the Company at the 24<sup>th</sup> Annual General Meeting (AGM) scheduled to be held on August 30, 2024.

The dividend, as may be declared at the AGM, will be payable subject to deduction of Tax at Source (TDS) in accordance with the provisions of Income Tax Act, 1961 read with the Finance Act, 2024 (together referred to as "the Act") applicable for the financial year 2024-25.

The Company shall deduct the tax at the rates specified in the Act, and for this purpose will use the information of shareholders as per data made available to the Company by National Securities Depository Limited and Central Depository Services (India) Limited (in case of shares held in demat mode) and the details recorded in the Register of Members of the Company maintained by the Registrar and Share Transfer agent of the Company i.e., KFin Technologies Limited (RTA / KFinTech) as on August 2, 2024, being the date as on which the entitlement of shareholders for payment of dividend shall be determined.

Hence, all Shareholders are requested to ensure that the details such as PAN, residential status, category of Shareholder (e.g. Domestic Company, foreign Company, Individual, Firm, LLP, HUF, Foreign Portfolio Investor (FPI) Foreign Institutional Investor (FII), Government, Trust, Alternate Investment Fund - Category I, II or III, etc), bank account details, email id and postal address are updated, in their respective demat account/s maintained with the Depository Participants or in their respective folio by submitting Form ISR-1 to RTA.

Further, shareholders who intend to avail benefit of exemption/lower tax deduction as may be available under the provisions of the Act must submit necessary declaration along-with supporting documents, on or before August 9, 2024. The Company has made available following modes through which the shareholders may submit the self-declaration along-with necessary supporting documents (self-attested):

- a. the shareholders may visit the weblink:  
<https://ris.kfintech.com/form15/forms.aspx?q=0> and select 'Narayana



Hrudayalaya Limited' and holding type and thereafter follow the instruction as may appear on the screen.

- b. the shareholder may also email these documents to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) from their registered email address.

The aforesaid should be completed by the following dates:

Sr. No	Date of shareholding	Last date to submit details
1	Shareholders holding shares as on August 2, 2024	August 9, 2024

No communication on the tax determination / deduction shall be considered after August 9, 2024.

Please read the following information in respect of applicable rate for TDS as per the provisions of the Act carefully and take actions, as mentioned above, if required:

#### **I. FOR RESIDENT SHAREHOLDERS**

Tax will be deducted at source under Section 194 of the Act at the rate of 10% on the amount of dividend payable in cases where valid PAN of the Shareholder is registered. In case the shareholder have not registered their valid PAN details in their accounts/folios, TDS at the rate of 20% shall be deducted as per Section 206AA of the Act. No tax shall be deducted if:-

- a. exempt under any provisions of the Act as may be applicable
- b. in case of resident individual shareholders, TDS would not apply if the aggregate of total dividend distributed/paid to them by the Company during a financial year does not exceed Rs. 5,000/-.
- c. Tax will not be deducted at source in cases where a shareholder provides Form 15G (where applicable) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions are met.

*Blank Form 15G and 15H can be downloaded from the link given at the end of this communication. Please note that all fields mentioned in the Form are mandatory and the Company may reject the forms submitted, if it does not fulfil the requirement of the law.*

- d. NIL / lower tax shall be deducted on the dividend payable to following resident non-individual shareholders as listed below on submission of self-declaration (as per formats provided at the end of this communication):
- i. **Insurance companies:** Self-attested copy of registration certificate issued by authorities and PAN card. Also, a declaration that you are an Insurance company as defined under the second proviso to section 194 of the Act.
  - ii. **Mutual Funds:** Declaration by Mutual Fund shareholder eligible for exemption u/s 10(23D) of the Income- tax Act, 1961 along with self-attested copy of registration documents issued by authorities and PAN card.
  - iii. **Alternative Investment Fund (AIF) established in India:** Self attested certificate of registration/ declaration evidencing that you are a Category I/ Category II Alternative Investment Fund, as defined under Section 10(23FBA) and clause (a) of Explanation 1 to Section 115UB of the Indian Income-tax Act, 1961 [covered by Notification No. 51/2015 dated June 25, 2015].
  - iv. **New Pension System Trust:** Self attested registration certificate/ declaration that you qualify as NPS Trust for the purpose of section 197A(1E) of the Act, and that your income is eligible for exemption under section 10(44) of the Act.
  - v. **Other exempt shareholders** - Documentary evidence and self-declaration substantiating that you are an entity covered by the Circular No. 18 of 2017 issued by the Central Board of Direct Tax and your income is unconditionally exempt under section 10 of the Act.
  - vi. **Government** - Documentary evidence and self-declaration that it is a Corporation set up under specific legislation whose income is exempt from any income-tax and can be considered as a 'Government' and qualify for exemption under section 196 of the Act.
  - vii. Shareholders who have provided a valid certificate issued under section 197 of the Act for lower / nil rate of deduction or an exemption certificate issued by the income tax authorities along with Declaration. Also, please provide declaration under Rule 37BA of the Income Tax Rules in case of Joint shareholders, Minor shareholders, etc.



Kindly note that the necessary documents along-with the Self-declaration should be uploaded on the weblink: <https://ris.kfintech.com/form15/forms.aspx?q=0> or sent from registered email address to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) as mentioned hereinabove on or before August 09, 2024.

## **II. FOR NON-RESIDENT SHAREHOLDERS (INCLUDING FOREIGN PORTFOLIO INVESTORS):**

Tax is required to be withheld in accordance with the provisions of Section 195 and section 196D of the Act at applicable rates in force. As per the relevant provisions of the Act, the tax shall be withheld at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable.

However, as per Section 90 of the Act, a non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") read with applicable Multilateral Instruments ("MLI") between India and the country of tax residence of the shareholder if they are more beneficial to the shareholder.

Hence, for this purpose, i.e., to avail the DTAA benefits, the non-resident shareholder will have to provide the following:

- i. Self-attested copy of Tax Residence Certificate (TRC) (of FY 2024-25 or calendar years 2024 and 2025, valid as on record date) obtained from the tax authorities of the country of which the shareholder is resident. In case, the TRC is furnished in a language other than English, the said TRC would have to be translated from such other language to English language and thereafter, duly notarized and apostilled copy of the TRC would have to be provided;
- ii. Self-declaration in Form 10F;
- iii. Self-attested true copy of the PAN Card if allotted by the Indian Income Tax authorities
- iv. Self-declaration to be provided under Rule 37BC(2) of the Income Tax Rules, 1962
- v. Self-declaration in the format prescribed by the Company, certifying the following points:



- a. Shareholder is and will continue to remain a tax resident of the country of its residence during the FY 2024-25;
  - b. Shareholder is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;
  - c. Shareholder has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;
  - d. Shareholder does not have a taxable presence or a Permanent Establishment ("PE") in India during the FY 2024-25. In any case, the amounts paid/payable to the Shareholder are not attributable or effectively connected to the PE or fixed base, if any, which may have got constituted otherwise;
  - e. Declaration under Rule 37BA of the Income Tax Rules - In case of Joint shareholders, Minor shareholders etc;
  - f. Shareholder is the ultimate beneficial owner of its shareholding in the Company and dividend receivable from the Company; and
  - g. Self-declaration by the shareholder regarding the satisfaction of the place of effective management (POEM), principal purpose test, GAAR, Simplified Limitation of Benefit test (wherever applicable), as regards the eligibility to claim recourse to concerned Double Taxation Avoidance Agreements
- vi. In case of FPI/FII, copy of SEBI Registration certificate.

The self-declarations referred to in point nos. (ii), (iv) and (v) can be downloaded from the from the website of RTA or Company.

Kindly note that the necessary documents along-with the Self-declaration should be uploaded on the weblink: <https://ris.kfintech.com/form15/forms.aspx?q=0> or sent from registered email address to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) as mentioned hereinabove on or before August 09, 2024.

Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by non-resident shareholders and meeting requirement of the Act read with applicable DTAA. In absence of the same, the Company will not be obligated to apply the beneficial DTAA rate at the time of tax deduction on dividend.

It may be further noted that in case tax on dividend is deducted at a higher rate in the absence of receipt of any of the aforementioned details/ documents from the shareholders within the timeline mentioned above, the shareholders may consider filing their return of income and claiming an appropriate refund, as may be eligible. No claim shall lie against the Company for such taxes deducted. The Company shall arrange to email the soft copy of the TDS certificate to shareholders at the registered email ID within the prescribed time, post payment of the said dividend, if declared in the AGM. The tax credit can also be viewed in Form 26AS by logging in with your credentials (with valid PAN) at income tax website.

In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information 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 assessment/ appellate proceedings before the Tax/ Government authorities.

#### **SECTION 206AB OF THE ACT**

Rate of TDS at the rate of 10% under section 194 of the Act is subject to provisions of section 206AB of Act (effective from July 1, 2021) which introduces special provisions for TDS in respect of non-filers of income-tax return.

As provided in section 206AB of the Act, tax is required to be deducted **at the highest of following rates** in case of payments to specified persons:

- at twice the rate specified in the relevant provision of the Act; or
- at twice the rate or rates in force; or
- at the rate of 5%.

Where Sections 206AA and 206AB are applicable simultaneously i.e., the specified person has not submitted the PAN as well as not filed returns; the tax shall be deducted at the higher of the two rates prescribed in these two sections.

The term 'specified person' is defined in sub section (3) of Section 206AB of the Act who satisfies the following conditions:

- ▶ A person who has not furnished the return of income for the assessment year relevant to the previous year immediately preceding the financial year in which



tax is required to be deducted, for which the time limit for furnishing the return of income under sub-section (1) of Section 139 has expired; and

- ▶ the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in the said previous year.

The non-resident who does not have the permanent establishment is excluded from the scope of a specified person.

**Valid PAN:** For resident individuals as per Section 139AA(2) of the Act read with Rule 114AAA of the Income tax Rules, 1962, currently, PAN is mandatorily required to be linked with Aadhaar. If PAN is not linked with Aadhaar, such PAN will be deemed inoperative and tax at source will be required to be deducted at higher rates under section 206AA of the Act.

We request you to inform us by the aforementioned applicable dates, i.e., August 9, 2024, if you are covered under the definition of 'specified person' as provided in section 206AB of the Act. The Company reserves its right to recover any demand raised subsequently on the Company for not informing the Company or providing wrong information about applicability of Section 206AB of the Act in your case.

**To summarize,** dividend will be paid after deducting the tax at source as under:

- NIL for resident individual shareholders receiving dividend up to Rs. 5,000/- or in case Form 15G / Form 15H (as applicable) along with self-attested copy of the PAN card is submitted.
- 10% for other resident shareholders in case copy of PAN card is provided/available.
- 20% plus applicable surcharge and cess for resident shareholders if copy of PAN card is not provided / not available
- Tax will be assessed & deducted on the basis of documents submitted by the non-resident shareholders.
- 20% plus applicable surcharge and cess for non-resident shareholders in case the relevant documents are not submitted.
- Lower/ NIL TDS on submission of self-attested copy of the valid certificate issued under section 197 of the Act.
- Aforesaid rates will be subject to applicability of section 206AB of the Act.



- ▶ In terms of Rule 37BA of Income Tax Rules 1962, if dividend income on which tax has been deducted at source is assessable in the hands of a person other than the deductee, then such deductee should file declaration with Company in the manner prescribed by the Rules.
- ▶ In addition to the above, please note the following:
- ▶ In case you hold shares under multiple accounts under different status/category but under a single PAN, the highest rate of tax as applicable to the status in which shares held under the said PAN will be considered on the entire holding in different accounts.
- ▶ In case of joint shareholding, the withholding tax rates shall be considered basis the status of the primary beneficial shareholder.
- ▶ For deduction of tax at source, the Company would be relying on the above data shared by KFinTech as updated up to the record date.

For all self-attested documents, Shareholders must mention on the document "certified true copy of the original". For all documents being submitted by the Shareholder, the Shareholder undertakes to send the original document(s) on the request by the Company.

In case tax on dividend is deducted at a higher rate in the absence of receipt or defect in any of the aforementioned details / documents, you will be able to claim refund of the excess tax deducted by filing your income tax return. No claim shall lie against the Company for such taxes deducted.

The Company is obligated to deduct tax at source based on the records available with RTA and **no request will be entertained for revision of TDS return.**

Incomplete and/or unsigned forms, declarations and documents will not be considered by the Company for granting any exemption.

Kindly note that the necessary documents along-with the Self-declaration should be uploaded on the weblink: <https://ris.kfintech.com/form15/forms.aspx?q=0> or sent from registered email address to [inward.ris@kfintech.com](mailto:inward.ris@kfintech.com) as mentioned hereinabove on or before August 09, 2024.

In case of queries the members may refer the [FAQ](#) on TDS on Dividend hosted





on the weblink: [www.narayanahealth.org](http://www.narayanahealth.org) or may write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).

#### **UPDATION OF PAN, EMAIL ADDRESS AND OTHER DETAILS**

Please note that, the aforesaid facility cannot be used to update category of shareholders or updating/registering PAN or other KYC details of the shareholders, as detailed below. For updating these details, the shareholders must approach the Depository Participant (in case of Demat Holding) or RTA (in case of physical holding) by submitting the details in Form ISR 1 along-with supporting documents, for the purpose of complying with the applicable TDS provisions:

- Valid Permanent Account Number (PAN);
- Residential status as per the Income-tax Act, 1961, i.e., Resident or Non-Resident for FY 2024-25;
- Category of the Shareholder, viz. Mutual Fund, Insurance Company, Alternate Investment Fund (AIF) - Category I, II and III, Government (Central/ State Government), Foreign Portfolio Investor (FPI)/ Foreign Institutional Investor (FII), Foreign Company, Individual, Hindu Undivided Family (HUF), Firm, Limited Liability Partnership (LLP), Association of Persons (AOP), Body of Individuals (BOI) or Artificial Juridical Person, Trust, Domestic Company, etc.;
- Email Address;
- Mobile Number;
- Bank account details; and
- Address with PIN code.

We seek your co-operation in the matter.

Thanking you,

Yours faithfully,

**For Narayana Hrudayalaya Limited**

Sd/-

**Sridhar S**

**Group Company Secretary, Legal and Compliance Officer**