

Dear Shareholder,

Sub: Minosha India Limited- Communication on Tax Deduction at Source (TDS) on Deemed Dividend payout for Reduction of Equity Share Capital of the Company

The Shareholders at the 29th Annual General Meeting of the Company have approved the matter of reduction of issued, subscribed and paid-up equity share capital of the Company by cancelling and extinguishing in aggregate, 5.38% of the total issued, subscribed and paid-up equity share capital of the Company comprising of 25,76,980 (Twenty- Five Lakhs Seventy-Six Thousand Nine Hundred and Eighty) Equity Shares of Rs. 10/- each held by the public shareholders of the Company, under Section 66 and other applicable provisions of the Companies Act, 2013 (hereinafter referred to “Capital Reduction”).

The Hon’ble National Company Law Tribunal, Mumbai Bench vide its Order dated **May 19, 2023** allowed the **Company Petition No. 239/MB/2022** filed by the Company for Capital Reduction.

As per the provisions of prevailing Income Tax Act, 1961 since the Company has sufficient accumulated profits, the payment towards Capital Reduction would be considered as dividend as per the provisions of Section 2(22)(d) of the Income Tax, Act, 1961. The Income Tax Act, 1961 read with the provisions of Finance Act, 2020 mandates that dividend paid or distributed by the Company shall be taxable in the hands of the shareholders and **the Company shall, therefore, be required to deduct Tax at Source (TDS) at the time of making payment for such Deemed Dividend.**

In order to enable the Company to determine the appropriate TDS rates, the Company had requested the shareholders to submit below mentioned documents **on or before October 31, 2022** at the Corporate Office of the Company situated at **Plot No. 25, Okhla Phase-3, New Delhi- 110020**, vide Notice of 29th Annual General Meeting of the Company:

(a) ‘For Public Shareholders being residents of India as per IT Act, 1961:

TDS shall be deducted under Section 194 of the IT Act, 1961 at the rate of 10% on the amount paid with respect to Capital Reduction and chargeable to tax under section 2(22)(d) of the IT Act, 1961, provided a valid Permanent Account Number (PAN) is registered by the shareholder. If PAN is not registered or if they are specified person (non-filers) as per section 206AB of the IT Act, 1961, TDS would be deducted at 20% (current applicable rate for FY 2022- 23) as per the provisions of the IT Act, 1961 and/or Rules framed thereunder.

However, no tax shall be deducted on the Dividend payable to a resident individual if the total dividend to be received by such resident individual during the Financial Year 2022-23, does not exceed INR 5,000. Separately, in cases where a Shareholder provides Form 15G (applicable to any resident person other than a company or a firm) / Form 15H (applicable to a resident individual above the age of 60 years), provided that the eligibility conditions are being met, no TDS shall be deducted. In an event, the necessary approvals are received after the end of financial year 2022-23, the shareholders would be required to submit the aforesaid details for the relevant year in which the payment for Capital Reduction is made.

(b) For Public Shareholders being non - residents of India as per IT Act, 1961:

Taxes are required to be withheld in accordance with the provisions of Section 195 of the IT Act, 1961, at the rates in force. However, as per Section 90 of the IT Act, 1961, such non-resident shareholder has 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 them. For this purpose, i.e., to avail the benefits under the DTAA, the non-resident shareholder will have to provide the following:



- Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the Shareholder is resident for FY 2022- 23;
- Form 10F;
- Self-attested copy of the Permanent Account Number Card allotted by the Indian Income Tax authorities;
- Self-declaration, certifying the following points: i) Member is and will continue to remain a tax resident of the country of its residence during the Financial Year 2022-23; ii) Member is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company; iii) Member has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner; iv) Member is the ultimate beneficial owner of its shareholding in the Company and dividend receivable from the Company; and v) Member does not have a taxable presence or a permanent establishment in India during the Financial Year 2022-23; and
- In an event, the necessary approvals are received after the end of financial year 2022-23, the shareholders would be required to submit the aforesaid details for the relevant year in which the payment for Capital Reduction is made.'

The Board of Directors at its meeting held on May 26, 2023 has fixed **June 09, 2023** as the 'Record Date' for the purpose of determining the public shareholders to whom the proceeds of reduction of share capital will be paid. Intimation with respect to Record Date has been circulated via e-mail to such shareholders whose e-mail ids are available in the records of the Company and the same has also been disseminated on the website of the Company (www.minosha.in).

The Shareholders holding shares in demat form are advised to keep their bank details updated with their depository participants. Shareholders holding shares in physical form and who have not updated their bank accounts details are requested to update bank details with the Company's Registrar and Transfer Agents, M/s. MCS Share Transfer Agent Limited, 1st Floor, F-65, Okhla Industrial Area, Phase- 1, New Delhi- 110020 in the following manner:

- You are requested to send them duly completed ISR- 1 and ISR- 2 with signature of the holders attested by your banker along with a cancelled cheque leaf with your name, account no. and IFSC Code printed thereon. In case your name is not printed on the cheque leaf, you are requested to send additionally bank attested copy of your passbook / bank statement showing your name, account no and IFSC Code.

Further, to ensure that the Company deducts appropriate TDS rate, the Public Shareholders are again requested to comply with this communication which summarises the applicable TDS provisions in accordance with the provisions of the Income tax Act, 1961, for various categories, including Resident or Non-Resident Shareholders:

1. For Resident Shareholders:

Sl. No.	Particulars	Applicable Rate	Documents required (if any)
1	No TDS shall be deducted in the case of resident individual Shareholders, if the amount of such dividend in aggregate paid or to be paid during the Financial Year does not exceed Rs. 5000.	Nil	-
2	With PAN <u>and</u> if Income- tax Return filed for previous financial year. (Exceeding Rs. 5000/-)	10%	Update/Verify the PAN, and the residential status as per Income Tax Act, 1961 if not already done, with the depositories (in case of shares held in demat mode) and with the Company's Registrar and Transfer Agent (in case of shares held in physical mode)



3	Without PAN/ Invalid PAN/ Non-filing of Income- tax Return of previous financial year.	20%	-
4	Submitting Form 15G/ Form 15H	Applicable tax rate	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 older), fulfilling certain conditions.

Recording of the valid Permanent Account Number (PAN) for the registered Folio/DP ID-Client ID is mandatory. If the PAN is not as per the database of the Income-Tax Portal, it would be considered as an invalid PAN and in absence of valid PAN, tax will be deducted at a higher rate of 20% as per Section 206 AA of the Income Tax, Act.

Shareholders are requested to ensure Aadhaar number is linked with PAN, as per the timelines prescribed. In case of failure of linking Aadhaar with PAN within the prescribed timelines, PAN shall be considered inoperative, and in such scenario, tax shall be deducted at higher rate of 20%.

2. For Non- Resident Shareholders:

Sl. No.	Particulars	Applicable R	Documents required (if any)
1	TDS shall be deducted/withheld if Income Tax return has been filed for the previous Financial Year.	20% (plus applicable surcharge and cess)	Proof of Income tax return filed for FY 2021-22 (April 2021- March 2022). Estimated income for FY 2023-24 (April 2023- March 2024) for determining cess to be charged. In the absence of which, highest cess & surcharge slab will be charged. Update country of residency in current Financial Year i.e., 2023-24
2	TDS shall be deducted/withheld if Income Tax return has not been filed for the previous Financial Year.	40% (plus applicable surcharge and cess)	Estimated income for FY 2023-24 (April 2023- March 2024) for determining CESS to be charged. In the absence of which, highest cess & surcharge slab will be charged. Update country of residency in current Financial Year i.e., 2023-24

The Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction/withholding on deemed 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 Shareholders.

All the above- mentioned documents/updates needs to be submitted by the Shareholders on or before June 09, 2023. No communication on the tax determination/deduction received post June 09, 2023 shall be considered for the payment of amounts under the capital Reduction.

Shareholders holding shares in de-materialised mode, are requested to update their records such as tax residential status, permanent account number (PAN), registered email address, mobile number and other details with their relevant depositories



through their depository participants. Shareholders holding shares in physical mode are requested to furnish details to the Company's Registrar and Transfer Agent viz. MCS Share Transfer Agent Limited.

Shareholders may note that in case the tax on said entitlement is deducted at a higher rate in absence of receipt, or insufficiency of the aforementioned details/documents from you, an option is available to you to file the return of income as per Income Tax Act, 1961 and claim an appropriate refund, if eligible. No claim shall lie against the Company for such taxes deducted.

The Company is obligated to deduct tax at source based on the records made available by National Securities Depository Limited or Central Depository Services (India) Limited ("the Depositories") in case of shares held in electronic mode and from the RTA in case of shares held in physical mode and no request will be entertained for revision of TDS return.

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, the Shareholder shall be responsible to indemnify the Company and, provide the Company with all information / documents and co-operation in any tax proceedings.

All communication/queries in respect of above should be addressed to our RTA, MCS Share Transfer Agent Limited at its email address admin@mcsregistrars.com.

Disclaimer: This Communication is not to be treated as an advice from the Company or its affiliates or its Registrar. Shareholders should obtain the tax advice related to their tax matters from their tax professional.

Yours Sincerely,

For and On Behalf of
Minosha India Limited


Atul Ramniklal Thakker
Managing Director
DIN: 00062112

Date: June 02, 2023
Place: New Delhi