



## Divi's Laboratories Limited

(CIN: L24110TG1990PLC011854)

Regd. Off: 1-72/23(P)/DIVIS/303, Divi Towers, Cyber Hills, Gachibowli, Hyderabad-500032, Telangana, India.

Ph: 040-23786300, Fax : 040-23786460, E-mail: [mail@divislabs.com](mailto:mail@divislabs.com) | URL: [www.divislabs.com](http://www.divislabs.com)

July 19, 2021

Dear Shareholder,

### **Sub: Divi's Laboratories Limited - Information regarding deduction of Income tax at source on dividend**

We are pleased to inform you that the Board of Directors at its meeting held on May 29, 2021, has recommended a Dividend of ₹ 20/- per Equity Share of ₹ 2/- each (i.e. 1000%) for the financial year 2020-21, subject to the approval of the shareholders at the 31<sup>st</sup> Annual General Meeting (AGM).

The Register of Members and Share Transfer Books of the Company will remain closed from **Friday, August 20, 2021 to Sunday, August 22, 2021 (both days inclusive)** for determining the names of the members eligible for dividend on equity shares. If the dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend subject to deduction of tax at source will be made within a period of 30 days from the date of declaration as under:

- a. To all Beneficial Owners in respect of shares held in dematerialized form as per the data made available by the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), collectively "Depositories", as on end of day on **Thursday, August 19, 2021**;
- b. To all Members in respect of shares held in physical form after giving effect to valid transmission or transposition requests lodged with the Company as on end of day on **Thursday, August 19, 2021**.

This communication is being made to the shareholders of Divi's Laboratories Limited ("the Company") with regard to deduction of tax on their dividend as per relevant provisions of Income Tax Act, 1961.

**Dividend income is taxable in the hands of shareholders and the Company is required to deduct tax at source at the prescribed rates from dividend paid to shareholders. The shareholders are requested to refer to the Income Tax Act, 1961 for the prescribed rates applicable to them.**

The Primary shareholder can request the Company to provide the credit of Tax Deducted at source on the dividend pay-outs by the Company, separately to the joint shareholders (beneficiary shareholder) of the said shares by submitting the declaration as per Rule 37BA of the Income Tax Rules, 1962.

**If shareholder is classified as "specified person" as per the provision of section 206AB, tax will be deducted at the rate higher of the following:**

- i. Twice the rate specified in the relevant provision of the Income-tax Act; or
- ii. Twice the rate or rates in force; or
- iii. The rate of 5%.

**The 'specified person' means a person who has:**

- a. not filed return of income for both of the two assessment years relevant to the two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing return of income under sub-section (1) of section 139 has expired; and
- b. subjected to tax deduction/collection at source in aggregate amounting to ₹ 50,000.

These provisions are effective from July 01, 2021. The Company will be relying on the information verified by the utility available on the Income Tax website.

The withholding tax rate would vary depending on the residential status of the shareholder and documents submitted by shareholder with the Depository Participant / KFin Technologies Private Limited (KFinTech), the Registrar and Share Transfer Agents of the Company.

#### A. Resident Shareholders:

##### 1. Tax Deductible at Source for Resident Shareholders

Sr.No.	Particulars	Withholding tax rate	Documents required (if any) / Remarks
1.	Valid PAN updated in the Company's Register of Members	10%	No document is required.  If dividend does not exceed ₹5,000/-, no TDS/ withholding tax will be deducted. Also, please refer note (v) below.
2.	No PAN/Valid PAN not updated in the Company's Register of Members	20%	TDS/ Withholding tax will be deducted, regardless of dividend amount, if PAN of the shareholder is not registered with the Company/ KFinTech/ Depository Participant.  All the shareholders are requested to update, on or before <b>August 19, 2021</b> , their PAN with their Depository Participant (if shares are held in electronic form) and Company / KFinTech (if shares are held in physical form). Please quote all the folio numbers under which you hold your shares while updating the records.  Please also refer note (v) below.
3.	Availability of lower/nil tax deduction certificate issued by Income Tax Department u/s 197 of Income Tax Act, 1961	Rate specified in the certificate	Lower tax deduction certificate obtained from Income Tax Authority to be submitted on or before <b>August 19, 2021</b> .

##### 2. No Tax Deductible at Source on dividend payment to resident shareholders if the Shareholders submit following documents as mentioned below with the Company / KFinTech/ Depository Participant on or before August 19, 2021

Sr.No.	Particulars	Withholding tax rate	Documents required (if any) / Remarks
1.	Submission of form 15G/15H	Nil	Declaration in Form No. 15G (applicable to an individual who is below 60 years) / Form 15H (applicable to an individual who is 60 years and above), fulfilling certain conditions.
2.	Shareholders to whom section 194 of the Income Tax, 1961 does not apply as per second proviso to section 194 such as LIC, GIC. etc.	Nil	Self-declaration that it has full beneficial interest with respect to the shares owned by it along with self-attested copy of PAN card and copy of registration certification issued by the IRDAI.
3.	Shareholder covered u/s 196 of Income Tax Act, 1961 such as Government, RBI,	Nil	Documentary evidence for coverage u/s 196 of Income Tax Act, 1961

	corporations established by Central Act & mutual funds.		<p>Corporation established by Central Act: Certificate of registration which indicates that it is corporation established under central act and its income is exempt from income tax.</p> <p>Mutual fund: Self-declaration that they are specified in Section 10 (23D) of the Act along with self-attested copy of PAN card and registration certificate.</p>
4.	Category I and II Alternate Investment Fund	Nil	<p>SEBI registration certificate to claim benefit under section 197A (1F) of Income Tax Act, 1961</p> <p>Self-declaration that they are specified in Section 10 (23FBA) of the Act and established as Category I or II AIF under the SEBI regulations along with self-attested copy of PAN card and registration certificate issued by SEBI.</p>
5.	<ul style="list-style-type: none"> <li>• Recognised provident funds</li> <li>• Approved superannuation fund</li> <li>• Approved gratuity fund</li> </ul>	Nil	Necessary documentary evidence as per Circular No. 18/2017 issued by Central Board of Direct Taxes (CBDT).
6.	National Pension Scheme	Nil	<p>No TDS/ withholding tax as per section 197A (1E) of Income Tax Act, 1961</p> <p>Self-declaration that they are governed by the provisions of section 10(44) [Subsection 1E to Section 197A] of the Act and self-attested copy of PAN card and registration certificate.</p>
7.	Any resident shareholder exempted from TDS deduction as per the provisions of Income Tax Act or by any other law or notification	Nil	Necessary documentary evidence substantiating exemption from deduction of TDS

#### B. Non-Resident Shareholders:

The table below shows the withholding tax on dividend payment to non-resident shareholders who submit, on or before August 19, 2021, the following document(s), as mentioned below, to the Company / KFinTech. In case all necessary documents are not submitted, then the TDS/ Withholding tax will be deducted @ 20% (plus applicable surcharge and cess).

Sr.No.	Particulars	Withholding tax rate	Documents required (if any) / Remarks
1.	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs) / Other Non-Resident shareholders	20% (plus applicable surcharge and cess) or tax treaty rate, whichever is beneficial	<p>FPI registration certificate in case of FIIs / FPIs.</p> <p>To avail beneficial rate of tax treaty following tax documents would be required:</p> <ol style="list-style-type: none"> <li>1. Tax Residency certificate issued by revenue authority of country of residence of shareholder for the year in which dividend is received</li> </ol>

			<p>2. PAN or declaration as per Rule 37BC of Income Tax Rules, 1962 in a specified format.</p> <p>3. Form 10F filled &amp; duly signed</p> <p>4. Self-declaration for non-existence of permanent establishment/ fixed base in India</p> <p>(Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness of the documents submitted by the Non-Resident shareholder and review to the satisfaction of the Company)</p>
2.	Indian Branch of a Foreign Bank	Nil	Lower tax deduction certificate u/s 195(3) obtained from Income Tax Authority Self-declaration confirming that the income is received on its own account and not on behalf of the Foreign Bank and the same will be included in taxable income of the branch in India
3.	Availability of Lower/NIL tax deduction certificate issued by Income Tax Authority	Rate specified in the certificate	Lower tax deduction certificate obtained from Income Tax Authority
4.	Any non-resident shareholder exempted from Withholding tax deduction as per the provisions of Income Tax Act or any other law such as The United Nations (Privileges and Immunities) Act 1947, etc.	Nil	Necessary documentary evidence substantiating exemption from Withholding tax deduction

#### C. Notes:

- i. The Company will issue soft copy of the TDS certificate to its shareholders through e-mail registered with KFinTech post payment of the dividend. Shareholders will be able to download Form 26AS from the Income Tax Department's website <https://incometaxindiaefiling.gov.in>.
- ii. **The aforesaid documents such as Form 15G/ 15H, documents under sections 196, 197A, FPI Registration Certificate, Tax Residency Certificate, Lower Tax certificate etc. can be uploaded by using the link <https://ris.kfintech.com/form15/> on or before August 19, 2021 to enable the Company to determine the appropriate TDS / withholding tax rate applicable. Any communication on the tax determination/deduction received after August 19, 2021 shall not be considered. Formats of Form 15G / Form 15H are available on the website of the Company and can be downloaded from the link <https://www.divislabs.com/investor-relations/shareholders-contact/#downloads>. If facing any difficulty in submitting disclosures using the aforementioned link, please seek assistance by sending email to [inward.ris@kfintech.com](mailto:inward.ris@kfintech.com) and [cs@divislabs.com](mailto:cs@divislabs.com).**
- iii. Application of TDS rate is subject to necessary verification by the Company of the shareholder details as available in Register of Members as on the August 19, 2021, and other documents available with the Company/ KFinTech.
- iv. **In case TDS is deducted at a higher rate, an option is still available with the shareholder to file the return of income and claim an appropriate refund. Tax deducted by the Company is final and no claim shall lie against the Company for tax deducted at higher rate, for any reason, whatsoever.**

- v. No TDS will be deducted in case of resident individual shareholders who furnish their PAN details and whose dividend does not exceed ₹ 5,000/-. However, where the PAN is not updated in Company/ KFinTech/ Depository Participant records or in case of an invalid PAN, the Company will deduct TDS u/s 194 without considering the exemption limit of ₹ 5,000/-.
- vi. **All the shareholders are requested to update their PAN with their Depository Participant (if shares are held in electronic form) and Company / KFinTech (if shares are held in physical form) against all their folio holdings on or before August 19, 2021.**
- vii. 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, such shareholder will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any appellate proceedings.
- viii. This Communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Shareholders should consult their tax advisors for requisite action to be taken by them.

**Other Information:**

To receive dividend amount directly in your bank account, we request you to submit / update your bank account details with your Depository Participant, in case you are holding shares in the electronic form. In case you are holding shares in physical form, you will have to send a scanned copy of the covering letter, duly signed by the first shareholder, along with a cancelled cheque leaf with your name and bank account details and a self-attested copy of your PAN card to Kfintech which can be emailed to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com). In case the cancelled cheque leaf does not bear your name, please attach a self-attested copy of your bank pass-book statement.

We also request you to update / register your email address and mobile numbers with your Depository Participant, in case you are holding shares in the electronic form and with the Company or the Registrar and Transfer Agent by sending an email to the abovementioned email address, if you are holding shares in physical form, for the purpose of receiving communications including annual reports and notices, from the Company over e-mail.

We seek your co-operation in the matter.

Thanking you,

Your sincerely,  
For **Divi's Laboratories Limited**

**Sd/-**  
**M. Satish Choudhury**  
**Company Secretary & Compliance Officer**

[Click here](#) to download – Form 15H

[Click here](#) to download – Form 15G

[Click here](#) to download – Form 10F

[Click here](#) to download - Self declaration

**Disclaimer:** *The information set out herein above is included for general information purposes only and does not constitute legal or tax advice. Since the tax consequences are dependent on facts and circumstances of each case, the investors are advised to consult their own tax consultant with respect to specific tax implications arising out of receipt of dividend.*

**This is a system generated Email. Please do not reply to this Email.**