



Divi's Laboratories Limited

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July 04, 2023

Dear Shareholder,

Sub: Divi's Laboratories Limited - Information regarding deduction of Income tax at source from payment of Dividend for the financial year 2022-23 – Regarding

We are pleased to inform you that the Board of Directors at its meeting held on May 20, 2023, has recommended a Dividend of ₹ 30/- per Equity Share of ₹ 2/- each (i.e. 1500%) for the financial year 2022-23, subject to the approval of the shareholders at the 33rd Annual General Meeting (AGM) scheduled to be held on August 28, 2023.

The record date is August 11, 2023 for determining the names of the members eligible for dividend on equity shares, if approved.

If the dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend, subject to applicable deduction of tax at source, will be made on and from Monday, September 04, 2023 as under:

- a. To all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), collectively "Depositories", as on record date.
- b. To all those shareholders holding shares in physical form, as per the details provided to the Company by the share transfer agent of the Company, KFin Technologies Limited. ("KFin"), as on record date.

Accordingly, you are requested to ensure that the below details, as applicable to you, are submitted and/or updated with KFin/ in your demat account(s) maintained with the Depository participant(s):

- i. Valid Permanent Account Number (PAN);
- ii. Residential status as per the Income-tax Act, 1961 ('the Act'), i.e. Resident or Non-Resident for FY 2023-24 (i.e. for the period April 01, 2023 to March 01, 2024);
- iii. Category of the Shareholder, viz. Mutual Fund, Insurance Company, Alternate Investment Fund (AIF) - Category I, II or III, Government (Central/ State Government), Foreign Portfolio Investor (FPI)/ Foreign Institutional Investor (FII), Foreign Company, Individual (Resident or Non-Resident), 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.;
- iv. Email Address;
- v. Mobile number;
- vi. Bank account details; and
- vii. Address with PIN code / Zip code with country name

Following additional documents are to be submitted by the shareholders holding shares in physical form along with Form ISR 1:

- i. Scanned copy of cancelled cheque leaf of the above-mentioned bank account (In case, the cancelled cheque leaf does not bear your name, please attach a copy of the bank pass-book statement, duly self-attested); and
- ii. Self-attested copy of your PAN card.

This will facilitate receipt of dividend directly in your bank account.

This communication is being made to the Shareholders of Divi's Laboratories Limited ("the Company") with regard to deduction of income tax while payment of 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 tax 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. **This declaration shall be submitted with the Company on or before August 11, 2023 (i.e. Record Date). Any declarations as per Rule 37BA submitted after this date will not be considered.** The information of the payee and tax deducted thereon will be submitted to income tax department as per the details of primary shareholder provided by the Depositories / RTA or as per declarations under Rule 37BA received till the record date.

If shareholder is classified as "specified person" as per the provisions 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 **furnished** 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 section 139(1) of the Income Tax Act, 1961 has expired; and
- b. subjected to tax deduction/collection at source in aggregate amounting to ₹ 50,000/- or more in the abovesaid previous year.

For this purpose, the Company will be relying on the information verified by the utility provided and available on the Income Tax website.

Further the "specified person" does not include:

- i. a non-resident who does not have a permanent establishment in India (permanent establishment includes a fixed place of business through which the business of the enterprise is wholly or partly carried on); or

- ii. a 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.

For this purpose, the respective shareholder is to submit a declaration to that extent confirming the above.

The rate of deduction of tax from dividend would vary depending on the residential status of the shareholder under the Income Tax Act, as informed by the Depository Participant / Kfin Technologies Limited (Kfin), the Registrar and Share Transfer Agents of the Company. The company will not entertain directly any request for change in the residential status of the shareholder. Such requests for change in residential status shall be submitted with respective Depository Participant / RTA along with requisite documents. It is reiterated that the residential status as informed by the DP/RTA as per their records as on the record date will be the final for determination of rate of tax to be deducted from payment of dividend to the respective shareholder.

A. Resident Shareholders:

1. Rate of Tax Deductible at Source from dividend:

Sr.No.	Particulars	Rate of tax to be deducted	Documents required (if any) / Remarks
(1)	(2)	(3)	(4)
1.	Valid PAN updated in the Company's Register of Members	10%	No document is required. In case of resident individual shareholders, if dividend amount does not exceed ₹5,000/-, no tax will be deducted except in the circumstances detailed at Note (v) given below.
2.	No PAN/Invalid PAN is recorded in the Company's Register of Members	20%	Tax will be deducted, regardless of dividend amount. Please refer Note (v) given below. All the shareholders are requested to update, on or before the record date, their valid PAN with their Depository Participant (if shares are held in electronic form) and Company / Kfin (if shares are held in physical form). Please quote all the folio numbers under which you hold your shares while updating the PAN details.
3.	Availability of lower/ nil rate of 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 is to be submitted on or before the record date. Else the tax will be deducted at applicable rate of tax depending on residential status and status category of the shareholder.

As per Section 139AA of the 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 the rate of 20% as per the provisions of section 206AA of the Act.

2. No Tax on dividend payment to resident shareholders will be deducted, if the Shareholders submit any of the documents listed below with the Company / KFinTech/ Depository Participant on or before the Record Date i.e, August 11, 2023:

Sr.No.	Particulars	Rate of tax to be deducted	Documents required (if any) / Remarks
(1)	(2)	(3)	(4)
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. Please quote all the folio numbers under which you hold your shares in Declaration in Form No. 15G/15H
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, Corporations established by Central Act & Mutual funds.	Nil	Documentary evidence for coverage u/s 196 of Income Tax Act, 1961 <u>Corporation established by Central Act:</u> Certificate of registration which indicates that it is Corporation established under central act and its income is exempt from income tax <u>Mutual fund:</u> Self-declaration that they are specified in Section 10 (23D) of the Act along with self-attested copy of PAN card and registration certificate.
4.	Category I and II Alternate Investment Fund	Nil	SEBI registration certificate to claim benefit under section 197A (1F) of Income Tax Act, 1961 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.
5.	<ul style="list-style-type: none"> • Recognised provident funds • Approved superannuation fund • Approved gratuity fund 	Nil	Necessary documentary evidence as per Circular No. 18/2017 issued by Central Board of Direct Taxes (CBDT).

6.	National Pension Scheme	Nil	No TDS/ withholding tax as per section 197A (1E) of Income Tax Act, 1961 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.
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 normal rate of tax to be deducted from payment of dividend to non-resident shareholders is 20% plus applicable Surcharge and Additional Surcharge (HE Cess).

In case of shareholders listed below, on submission of the requisite documents listed in column (4) of the table below with the Company / Kfin(RTA), the tax will be deducted at applicable rate mentioned in Column (3) of the below table:

Sr.No.	Particulars	Rate of tax to be deducted	Documents required (if any) / Remarks
(1)	(2)	(3)	(4)
1.	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs) / Other Non-Resident shareholders	20% (plus applicable surcharge and cess) or tax rate as per applicable treaty, which-ever is beneficial	FPI / FII registration certificate in case of FIIs / FPIs. To avail beneficial rate of tax treaty following documents would be required to submit: <ol style="list-style-type: none"> 1. Tax Residency certificate issued by revenue authority of country of residence of shareholder for the year in which dividend is received 2. PAN or declaration as per Rule 37BC of Income Tax Rules, 1962 in a specified format. 3. Form 10F filled & duly signed 4. Self-declaration for non-existence of permanent establishment/ fixed base in India 5. (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)

			6. In case of shareholder being tax resident of Singapore, please furnish the letter issued by the competent authority or any other evidence demonstrating the non-applicability of Article 24 - Limitation of Relief under India-Singapore Double Taxation Avoidance Agreement (DTAA).
2.	Indian Branch of a Foreign Bank	Nil	Lower tax deduction certificate u/s 195(3) obtained from Income Tax Authority; and 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 rate of 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 Kfin post payment of the income tax deducted and submission of respective return with Income Tax department. 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/> or <https://ris.kfintech.com/clientservices/isc/> **on or before the record date August 11, 2023 to enable the Company to determine the appropriate TDS / withholding tax rate applicable. Any communication on the tax determination/deduction received after the record date will 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>. Any member facing difficulty in submitting disclosures using the aforementioned link may please seek assistance by sending email to inward.ris@kfintech.com and cs@divislabs.com.
- iii. Application of TDS rate is subject to necessary verification by the Company of the details of the shareholder as available in Register of Members as **on the record date** and other documents available with the Company/ Kfin.

- iv. Shareholders holding Equity shares under multiple accounts under different status / category, under 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.
- v. **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.**
- vi. 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/ Kfin/ 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/-.
- vii. **All the shareholders are requested to update their PAN with their Depository Participant (if shares are held in electronic form) and Company / Kfin (if shares are held in physical form) against all their folio holdings on or before record date i.e, August 11, 2023.**
- viii. 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.
- ix. 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.

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

[Click Here](#) to download - Form ISR 1

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.

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