



GARDEN REACH SHIPBUILDERS & ENGINEERS LIMITED

Registered & Corporate Office: GRSE Bhavan, 61, Garden Reach Road, Kolkata-700024

Ph: (033)-24698105-108, Fax: (033)-24698150

Website: www.grse.in Email: co.sec@grse.co.in

CIN: L35111WB1934GOI007891

TAXATION ON DIVIDEND DISTRIBUTION

15 Feb 2024

Dear Shareholder,

Subject: Intimation / Communication in respect to Deduction of tax at source on Interim Dividend for Financial Year 2023-24

1. In accordance with the provisions of the Income Tax Act, 1961 ('the IT Act') as amended by Finance Act, 2020, with effect from April 1, 2020, dividend income is taxable in the hands of the Shareholders and the Company is required to deduct tax at source ("TDS") from dividend paid to Members at the prescribed rates. To enable compliance with TDS requirements, Members are requested to complete and/or update their Residential status, PAN and category with their Depository Participants ("DPs"). The withholding tax rate would vary depending on the residential status of the shareholder and documents registered/submitted with the Company.

A. RESIDENT SHAREHOLDERS

(a) Tax Deductible at Source for Resident Shareholders

Sr. No.	Particulars	Withholding tax rate	Documents required (if any)
1	Valid PAN updated in the Company's Register of Members	10%	No document required (if no exemption is sought) If dividend does not exceed ₹5,000/-, no TDS / withholding tax will be deducted. Please refer point no. 4 below.
2	No PAN/Valid PAN not updated in the Company's Register of Members/ PAN is not linked with AADHAR in case of individual	20%	No document required (if no exemption is sought) TDS/ Withholding tax will be deducted, regardless of dividend amount, if PAN of the shareholder is not updated/ registered with the Company/ RTA / Depositories. Please refer point no. 4 below.
3	A shareholder falls in the category of "specified person" as defined in Section 206AB of Income Tax Act, 1961	20%	The PAN of the shareholder registered with the Company / RTA / Depositories will be validated on "Compliance Check functionality for Section 206AB & 206CCA" on Reporting Portal of Income Tax Department & accordingly 20% TDS will be deducted with reference to Section 206AB of Income Tax Act, 1961, if the person is "specified person". Please refer point no. 7 below.

4	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	1. Lower tax deduction certificate obtained from Income Tax Authority 2. Self-attested copy of PAN card
5	Benefits under Income Tax Rule 37BA	Rates based on applicability of Income Tax Act, 1961 to the beneficial owner	If the registered shareholder e.g. Clearing Member / intermediaries / stock brokers are not the beneficial shareholders of the shares and if the declaration under Income Tax Rule Form 37BA(2) is provided regarding the beneficial owner, the TDS / Withholding tax will be deducted at the rates applicable to the beneficial shareholders.

- (b) No Tax Deductible at Source on dividend payment to resident shareholders if the Shareholders submit and register following documents as mentioned in the below table with the Company / RTA

Sr. No.	Particulars	Withholding tax rate	Documents required (if any)
1	Submission of form 15G/15H	NIL	1. 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 above), fulfilling certain conditions. 2. Self-attested copy of PAN card 3.
2	Shareholders to whom section 194 of the Income Tax, 1961 does not apply such as LIC, GIC, etc.	NIL	1. Documentary evidence for exemption u/s 194 of Income Tax, 1961. 2. Self-attested copy of PAN card
3	Shareholder covered u/s 196 of Income Tax Act, 1961 such as Government, RBI, corporations established by Central Act & mutual funds.	NIL	1. Documentary evidence for coverage u/s 196 of Income Tax Act, 1961 2. Self-attested copy of PAN card
4	Category I and II Alternative Investment Fund Category III Alternative Investment Fund	NIL 10%	1. SEBI registration certificate to claim benefit under section 197A (1F) of Income Tax Act, 1961 2. Self-attested copy of PAN card
5	<ul style="list-style-type: none"> ▪ Recognised Provident Fund ▪ 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 as per section 197A (1E) of Income Tax Act, 1961. Valid documentary evidence to be provided.
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:

Withholding tax on dividend payment to non-resident shareholders if the non-resident shareholders submit and register following document as mentioned in below table with the Company / RTA

Sr. No.	Particulars	Withholding tax rate	Documents required (if any)
1	Foreign Institutional Investors (FIIs) /Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess)	FPI registration number / certificate
2	Other Non-resident shareholders	20% (plus applicable surcharge and cess) or tax treaty rate whichever is beneficial	To avail beneficial rate of tax treaty, the following tax documents would be required: i) Tax Residency certificate issued by revenue authority of country of residence of shareholder for the year in which dividend is received ii) PAN declaration as per Rule 37BC of Income Tax Rules, 1962, in a specified format. iii) E-filed Form 10F in case of shareholders having a PAN and manual Form 10F, filled & duly signed in case of shareholders not having a PAN. iv) Self-declaration for non-existence of permanent establishment/ fixed base in India. (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)
3	Alternative Investment Fund – Category III located in International Financial Services Centre (IFSC)	10% (plus applicable surcharge and cess)	1. SEBI registration certificate to claim benefit under section 197A (1F) of Income Tax Act, 1961 2. Self-attested copy of PAN card
4	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. In case above documents are not made available, then Withholding tax will be at 40% (plus applicable surcharge and cess).
5	Availability of Lower/NIL tax deduction certificate issued by Income Tax Department u/s 195 or 197 of Income Tax Act, 1961	Rate specified in certificate	Lower tax deduction certificate obtained from Income Tax Authority.

6	Any non-resident shareholder exempted from TDS 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 TDS deduction
7	Non-Resident Shareholders who are tax residents of Notified Jurisdictional Area as defined u/s 94A(1) of the Income Tax Act	30%	NA
8	A shareholder falls in the category of “specified person” as defined in Section 206AB of Income Tax Act, 1961	Double the applicable tax rate	The PAN of the shareholder registered with the Company / RTA will be validated on “Compliance Check functionality for Section 206AB & 206CCA” on Reporting Portal of Income Tax Department & accordingly applicable TDS will be deducted with reference to Section 206AB of Income Tax Act, 1961, if the person is “specified person”. Please refer point no. 7 below.
9	Benefits under Income Tax Rule 37BA	Rates based on the applicability of Income Tax Act, 1961 / DTAA (whichever is beneficial) to the beneficial owner	If the registered shareholder e.g. Clearing Member / intermediaries / stock brokers are not the beneficial shareholders of the shares and if the declaration under Income Tax Rule Form 37BA(2) is provided regarding the beneficial owner, the Withholding tax will be deducted at the rates applicable to the beneficial shareholders. The documents as mentioned against Sr. No 1 to 6 will be required in addition to the above declaration.

2. In order to enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to provide the aforesaid details/ documents on or before **Friday, 23rd February, 2024**. Any communication on the tax determination/deduction received post **Friday, 23rd February, 2024** shall not be considered. It may be further noted that 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 Record Date, and other documents available with the Company / RTA.
3. In case, TDS is deducted at a higher rate in absence of receipt of the aforementioned details / documents from you, an option is still available with the shareholder to file the return of income and claim an appropriate refund, if eligible.
4. No TDS will be deducted in case of resident individual shareholders whose dividend does not exceed **₹5000**. However, where the PAN is not updated in Company / RTA records or in case of an invalid PAN and cumulative dividend payment to individual shareholder is more than ₹5000, the Company will deduct TDS / Withholding tax u/s 194 with reference to Section 206AA of Income Tax Act, 1961.

Further, from July 1, 2023 the PAN of shareholder who have failed to link the PAN with AADHAAR, as required, shall become inoperative & TDS will be deducted at the rate of 20% with reference to section 206AA of Income Tax Act.

All the shareholders are requested to update their PAN with their Depository Participant (if shares are held in electronic form) and Company / RTA if shares are held in physical form) against all their folio holdings on or before **Friday, 23rd February, 2024**.

5. The Company will arrange a soft copy of the TDS certificate to its shareholders through registered email registered with the Company / RTA post payment of the Dividend. Shareholders will be able to download the Form 26AS from the Income Tax Department's website <https://incometaxindiaefiling.gov.in>.
6. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the Member/s, such Member/s will be responsible to indemnify the Company, and also provide the Company with all information / documents and co-operation in any appellate proceedings.
7. The "specified person" as defined under Section 206AB of Income Tax Act, 1961 means a resident:
 - (a) who has not filed the returns of income for AY 22-23/AY 23-24, as may be applicable and;
 - (b) the aggregate of TDS and TCS is ₹50,000 or more in the said previous year.Further, a non-resident person having a permanent establishment in India shall also be treated as "specified person" if the above conditions are met.
8. 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.
