



## HERITAGE FOODS LIMITED

CIN: L15209TG1992PLC014332

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Date: 27<sup>th</sup> June, 2024

### THIS COMMUNICATION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Dear Shareholder(s),

We hope that you and your family are doing well and are safe and in good health.

We wish to inform you that the Board of Directors of the Company, at its meeting held on May 29, 2024, has recommended a final dividend of Rs.2.50/- per equity share having face value of Rs.5/- each (50%) for the Financial Year ended March 31, 2024.

As you are aware, as per the provisions of the Income Tax Act, 1961 (Act) as amended by the Finance Act, 2020 dividend paid or distributed by a Company on or after April 1, 2020, shall be taxable at the hands of shareholders. Therefore, the Company is required to deduct tax at source (TDS) at the rates applicable on the amount distributed to the shareholders, if approved at the Annual General Meeting (AGM) of the Company scheduled to be held on Wednesday, August 21, 2024. The aforesaid dividend, once approved by the shareholders, will be paid on and from Wednesday, August 28, 2024.

If there is any change in the information, you are requested to update your records such as tax residential status, PAN and register your e-mail address, mobile numbers and other details with your relevant depositories through your depository participants in case you are holding shares in dematerialised form and if you are holding shares in physical mode, you are requested to furnish details to M/s. KFin Technologies Limited, the Registrar and Transfer Agent of the Company. The records may please be updated before the record date to ensure correct deduction of tax, if applicable.

This communication provides a brief on the applicable Tax Deduction at Source (TDS) provisions under the Act for Resident and Non-Resident shareholder categories.

#### 1. For Resident Shareholders

Tax is required to be deducted at source under Section 194 of the Act, at the rate of 10% on the amount of dividend where shareholders have registered their valid Permanent Account Number (PAN). *In case, shareholders do not have PAN / invalid PAN/ PAN not linked with Aadhar/ not registered their valid PAN details in their account or classified as specified person in the income-tax portal, TDS at the rate of 20% shall be deducted under Section 206AA of the Act or as per the applicable law.*

## **A. Resident Individuals**

- i. Total dividend amount to be received by them during the Financial Year (FY) 2024-25 does not exceed Rs.5,000/-; or
- ii. The shareholder provides Form 15G (applicable to individual) / Form 15H (applicable to an Individual above the age of 60 years), provided that all the required eligibility conditions are met. Please note that all fields are mandatory to be filled up and the Company may at its sole discretion reject the form, if it does not fulfil the prescribed requirement under the Act. The template of Form 15G and 15H are enclosed as [Annexure-1](#) and [Annexure-2](#), respectively; or
- iii. An exemption certificate is issued by the Income-tax Department, if any.

## **B. Resident Non-Individuals**

No tax shall be deducted on the dividend payable to the following resident non-individuals where they provide details and documents as per the format attached in [Annexure 3](#).

- i. Insurance Companies: Self declaration that it qualifies as 'Insurer' as per section 2(7A) of the Insurance Act, 1938 and has full beneficial interest with respect to the equity shares owned by it along with self-attested copy of PAN card and certificate of registration with Insurance Regulatory and Development Authority (IRDA).
- ii. Mutual Funds: Self-declaration that it is registered with SEBI and is notified under Section 10 (23D) of the Act along with self-attested copy of PAN card and certificate of registration with SEBI.
- iii. Alternative Investment Fund (AIF): Self-declaration that its income is exempt under Section 10 (23FBA) of the Act, and they are registered with SEBI as Category I or Category II AIF along with self-attested copy of the PAN card and certificate of AIF registration with SEBI.
- iv. New Pension System (NPS) Trust: Self-declaration that it qualifies as NPS trust and income is eligible for exemption under section 10(44) of the Act and being regulated by the provisions of the Indian Trusts Act, 1882 along with self-attested copy of the PAN card.
- v. Other Non-Individual shareholders: Self-attested copy of documentary evidence supporting the exemption along with self-attested copy of PAN card.

- C.** In case, shareholders (both individuals or non-individuals) provide certificate under Section 197 of the Act, for lower / NIL withholding of taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy to the company.

## **2. For Non-resident Shareholders**

### **A. As per Domestic Tax Law**

Taxes are required to be withheld in accordance with the provisions of Section 195 or Section 196D of the Act as per the rates as applicable. As per the relevant provisions of the Act, the withholding tax shall

be at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to them. In case, non-resident shareholders provide a certificate issued under Section 197/195 of the Act, for lower/ Nil withholding of taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the same.

#### **B. As per Double Tax Avoidance Agreement (DTAA)**

As per Section 90 of the Act, the non-resident shareholder has the option to be governed by the provisions of the 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 DTAA benefit, the non-resident shareholders are required to submit the following:

- i. Self-attested copy of the PAN card allotted by the Indian Income Tax authorities.
- ii. Self-attested copy of Tax Residency Certificate (TRC) for the period April 1, 2024 to March 31, 2025 which is to be obtained from the tax authorities of the country of which the shareholder is a resident.
- iii. Filing of digital Form 10F mandatorily online and the same can be generated through the link <https://eportal.incometax.gov.in/>.
- iv. Self-declaration by shareholder of meeting treaty eligibility requirement and satisfying beneficial ownership requirement for the period April 1, 2024 to March 31, 2025. (Kindly refer the template enclosed herewith as [Annexure 4](#)).
- v. In case of Foreign Institutional Investors and Foreign Portfolio Investors, copy of SEBI registration certificate.
- vi. 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.

It is recommended that shareholders should independently satisfy their eligibility to claim DTAA benefit including meeting of all conditions laid down by DTAA.

Kindly note that the Company is not obligated to apply beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial rate as per DTAA for the purpose of withholding taxes shall depend upon completeness and satisfactory review by the Company of the documents submitted by the non-resident shareholder.

Accordingly, to enable us to determine the appropriate withholding tax rate applicable, we request you to **provide these details and documents as mentioned above, on or before Wednesday, July 31, 2024** (cut-off period). Any documents submitted after cut-off period will be accepted at sole discretion of the Company.

#### **PAYMENT OF DIVIDEND**

The final dividend on equity shares for FY 2023-24, once approved by the shareholders of the Company at the AGM, will be paid after deducting the tax at source as mentioned in the earlier paragraphs. The following provisions under the Act will also be considered to determine the applicable TDS rate:

#### **A. TDS to be deducted at higher rate in case of non-filers of Return of Income**

The provisions of Section 206AB require the deductor to deduct tax at higher of the following rates from amount paid/ credited to specified person:

- i. At twice the rate specified in the relevant provision of the Act; or
- ii. At twice the rates or rates in force; or
- iii. At the rate of 5%

However, as directed by the Central Board of Direct Taxes vide Circular No. 11 of 2021 dated June 21, 2021, the Company will be using functionality of the Income-tax department for determination of specified person for the purpose of Section 206AB of the Act.

#### **B. TDS to be deducted at higher rate in case of non-linkage of PAN with Aadhaar**

As per Section 139AA of the Income Tax 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. The Company will be using functionality of the Income-tax department for the above purpose. Shareholders may visit <https://www.incometax.gov.in/iec/foportal/> for FAQs issued by Government on PAN Aadhar linking.

#### **C. Declaration under Rule 37BA**

In terms of Rule 37BA of the 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 in the Rules.

#### **D. For shareholders having multiple accounts under different status / category:**

Shareholders holding equity shares under multiple accounts under different status / category and 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.

#### **SUBMISSION OF TAX RELATED DOCUMENTS:**

Kindly note that the afore mentioned documents should be uploaded with KFin Technologies Limited, the Registrar and Share Transfer Agent ("KFin") at <https://ris.kfintech.com/form15/> or emailed to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) on or before **Wednesday, July 31, 2024** to enable the Company to determine the appropriate TDS / withholding tax rate applicable. Any communication on the tax determination/deduction received post Wednesday, July 31, 2024 shall not be considered.

In case tax on dividend is deducted at a higher rate in the absence of receipt of or satisfactory completeness of the aforementioned details / documents, you would still have the option of claiming refund of the excess tax paid at the time of filing your income tax return. No claim shall lie against the Company for such taxes deducted.

## **UPDATION OF BANK ACCOUNT DETAILS:**

In order to facilitate receipt of dividend directly in your bank account, shareholders are requested to ensure that their bank account details in their respective demat accounts/physical folios are updated, to enable the Company to make timely credit of dividend in their bank accounts. We seek your co-operation in this regard.

Shareholders holding shares in physical folios are requested to note that SEBI vide its Master Circular no. SEBI/HO/MIRSD/ POD-1/P/CIR/2024/37 dated May 7, 2024 issued to the Registrar & Transfer Agents and SEBI Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/181 dated November 17, 2023, as amended, has mandated that effective April 1, 2024, dividend to the security holders holding shares in physical mode shall be paid only through electronic mode. Such payment to the eligible shareholders holding physical shares shall be made only after they have furnished their PAN, Choice of Nomination, Contact Details (Postal Address with PIN and Mobile Number) Bank Account Details and Specimen Signature for their corresponding physical folios to the Company or the RTA.

In case of any queries, the Shareholders may write to us at [hfl@heritagefoods.in](mailto:hfl@heritagefoods.in) or to RTA at [inward.ris@kfintech.com](mailto:inward.ris@kfintech.com).

Thanking you,

Yours faithfully,

For **HERITAGE FOODS LIMITED**

Sd/-

**UMAKANTA BARIK**

Company Secretary and Compliance Officer

M. NO: FCS 6317

Shareholders can also download the following documents at

<https://ris.kfintech.com/form15/forms.aspx?q=0>

- Form 15H
- Form 15G
- Form 10F
- Self declaration by Non-Residents
- Self declaration for Resident Shareholders other than Individuals
- Self declaration for DTAA applicability
- Declaration under Rule 37BA

***Disclaimer:** This communication shall not be treated as an advice from the Company or its affiliates or its Registrar & Transfer Agent.*