



CENTURY ENKA LIMITED

CIN: L24304PN1965PLC139075

Registered Office: Plot No.72 & 72-A, MIDC, Bhosari, Pune- 411 026. Tel. No.020 66127304/300

E-mail: cel.investor@birlacentury.com; **Website:** www.centuryenka.com

Date: 13th July, 2021

Ref: Folio / DP Id & Client Id No:

Name of the Shareholder:

Subject: Century Enka Limited -Deduction of Tax at Source on Dividend

Dear Shareholder,

We are pleased to inform you that the Board of Directors of your Company at its meeting held on 18th May 2021, recommended a dividend of Rs.8/- per equity share of Rs.10/- each face value for the financial year ended 31st March 2021. The dividend, as recommended by the Board, if declared at the ensuing Annual General Meeting scheduled to be held on 13th August 2021, will be paid to eligible shareholders on or after 17th August, 2021.

As you are aware, as per the Income Tax Act, 1961 ('the Act'), as amended by the Finance Act, 2021, dividends paid or distributed by a company on or after April 1, 2020, shall be taxable in the hands of the shareholders. The Company shall therefore be required to deduct tax at source at the time of making the payment of the dividend, if approved, at the Annual General Meeting (AGM) of the Company.

To enable us to determine appropriate Tax deduction at source (TDS)/ Withhold Tax, please note the following:

PART 1: UPDATION OF MANDATORY INFORMATION BY ALL THE SHAREHOLDERS

All Shareholders are requested to ensure that the following details are updated, as applicable, through their depository participant (if shares are held in Dematerialized Form) or with registrar and transfer agent in the register of members (if shares are held in Physical Form), on or before 2nd August, 2021:

1. Residential status as per the Act i.e., Resident or Non Resident for FY 2021-22
2. Valid Permanent Account Number (PAN)
3. In case of individual shareholders, Aadhaar number (in addition to PAN)
4. Category of shareholders:
 - Mutual Fund
 - Insurance Company
 - Alternate Investment Fund (AIF) Category I and II
 - AIF Category III: Located in any International Financial Services Centre (IFSC) of which all the units are held by non-residents other than unit held by a sponsor or manager
 - AIF Category III: Others
 - Government (Central/State)
 - Foreign Portfolio Investor (FPI) /Foreign Institutional Investor (FII): Foreign Company
 - FPI/FII: Others (being Individual, Firm, Trust, AJP, etc.)
 - Individual
 - Hindu Undivided Family (HUF)
 - Firm
 - Limited Liability Partnership (LLP)
 - Association of Persons (AOP), Body of individuals (BOI) or Artificial Juridical Person (AJP)
 - Trust
 - Domestic company
 - Foreign company
5. Email ID
6. Address
7. Contact number

Please note that for the purpose of complying with the applicable TDS provisions, the Company will rely on the above-mentioned details as available on record date in the Register of Members.

PART 2: TDS PROVISIONS AND DOCUMENTS REQUIRED FOR RESPECTIVE CATEGORY OF SHAREHOLDERS

RESIDENT SHAREHOLDERS

For resident shareholders, generally, the tax will be deducted at source (TDS) under Section 194 of the Income Tax Act, 1961 at the rate of 10% on the amount of dividend declared and paid by the Company during FY 2021-22 provided Permanent Account Number (PAN) is provided by the shareholder. Shareholders are requested to ensure Aadhar number is linked with PAN, as per the timelines prescribed. In case of failure of linking Aadhar with PAN within the prescribed timelines, PAN shall be considered inoperative / invalid and, in such scenario too, tax shall be deducted at higher rate of 20%. If PAN is not submitted/is inoperative/is invalid, TDS would be deducted @ 20% as per Section 206AA of the Income Tax Act, 1961.

Resident individual shareholders

In the case of resident individuals, TDS would not apply if the aggregate of total dividend distributed or paid to them by the Company during FY 2021-22 does not exceed Rs. 5,000.

Separately, TDS will not be deducted in cases where a shareholder provides a written declaration in prescribed Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) / Form 15H (for individual above the age of 60 years with no tax liability on total income), subject to eligibility conditions being met.

Needless to mention, PAN will be mandatorily required along-with such declarations. Blank Form 15G and 15H (Annexure 1 and Annexure 2) can also be downloaded from the link given at the end of this communication or from the website of the Company viz. [Century Enka Ltd\(CEL\) | Investor Relations](#).

Resident shareholders (other than individuals):

In case of a certain class of resident shareholders other than individuals who are covered under provisions of Section 194 or Section 196 or Section 197A of the Income-tax Act, 1961, no tax shall be deducted at source ('nil rate') provided sufficient documentary evidence thereof, to the satisfaction of the Company, is submitted. This illustratively includes the following:

- **Insurance Companies:** Public & Other Insurance Companies, a declaration that it has a full beneficial interest with respect to the shares owned by it along with PAN. Self-attested copy of valid IRDAI registration certificate also needs to be submitted.
- **Mutual Funds:** Self-declaration that they are specified and covered under Section 10 (23D) of the Income Tax Act, 1961 along with a self-attested copy of PAN card and copy of SEBI registration certificate.
- **Alternative Investment Fund (AIF):** AIF established/incorporated in India - Self-declaration that its income is exempt under Section 10 (23FBA) of the Income Tax Act, 1961 and they are governed by SEBI regulations as Category I or Category II AIF along with a self-attested copy of the PAN card and SEBI registration certificate.
- **Corporation established by or under a Central Act which is, under any law for the time being in force, exempt from income-tax on its income:** - Self-declaration specifying the specific Central Act under which such corporation is established and that their income is exempt under the provisions of Income Tax Act, 1961 along with a self-attested copy of the PAN card and registration certificate.
- **Other Resident Non Individual Shareholders:** Shareholders who are exempted from the provisions of TDS as per Section 194 of the Income Tax Act, 1961 and/ or who are covered u/s 196 of the Income Tax Act, 1961 shall also not be subjected to any TDS, provided they

submit an attested copy of the PAN along with the documentary evidence in relation to the exemption available.

In addition to the above, above mentioned entities should also give declaration as per Annexure 4

The Company is not obligated to consider nil rates at the time of tax deduction / withholding on dividend amounts. Application of nil rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by such shareholders.

NON-RESIDENT SHAREHOLDERS OR FOREIGN COMPANIES ('non-resident payee')

For non-resident person or foreign company being the shareholders, ('non-resident payee'), tax is required to be withheld in accordance with the provisions of Section 195 and / or section 196D of the Income Tax Act, 1961 at applicable rates in force. As per the applicable provisions, the tax shall be withheld @ 20% plus applicable surcharge and cess on the amount of dividend payable.

Further, as per Section 90 of the Income Tax Act, 1961, a non-resident payee 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 the shareholder. For this purpose, i.e., to avail the DTAA benefits, the non-resident payee will have to provide the following:

- Self-attested copy of Permanent Account Number (PAN Card), if any allotted by the Indian Income Tax authorities;
- In case, PAN is not available, the non-resident shareholder shall furnish (a) name, (b) email id, (c) contact number, (d) address in residency country, (e) tax residency certificate from the Government of that country or specified territory (f) Tax Identification Number of the residency country;
- Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is resident;
- Self-declaration in Form 10F (Please download (Annexure 3) from the link given at the end of this communication or from the Company's website viz. [cel-form-10f.pdf \(centuryenka.com\)](#))
- Self-declaration by the non-resident payee containing such particulars/ confirmation as would be imperative to be governed by and/ or avail benefits, if any, under the applicable DTAA (draft format attached herewith can be downloaded from the link given at the end of this communication as Annexure 5 or from the website of the Company viz. https://www.centuryenka.com/investor-relations/index.html#parentHorizontalTab6|ChildVerticalTab_26).
- In case of Foreign Institutional Investors and Foreign Portfolio Investors, in addition to the above details, copy of SEBI registration certificate will also be required.

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

Notwithstanding anything contained herein, where any shareholder is a tax resident of any country or territory notified as a notified jurisdictional area under Section 94A(1) of the Income Tax Act, tax will be deducted at source at the rate of 30% or at the rate specified in the relevant provision of the Income-tax Act, 1961 or at the rates in force, whichever is higher, from the dividend payable to such shareholder in accordance with Section 94A of the Income Tax Act, 1961.

TDS TO BE DEDUCTED AT HIGHER RATE IN CASE OF NON-FILERS OF RETURN OF INCOME:

The Finance Act, 2021, has inter-alia inserted the provisions of Section 206AB of the Act with effect from July 1, 2021. The provisions of Section 206AB of the Act 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%

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 and collection at source in aggregate amounting to INR 50,000 or more in each of such two immediate previous years.

The non-resident who does not have the permanent establishment in India is excluded from the scope of a specified person.

LOWER WITHHOLDING CERTIFICATE (RESIDENT AS WELL AS NON-RESIDENT SHAREHOLDERS)

Notwithstanding anything contained above, in the case where the shareholders provide a certificate under Section 197 or Section 195 of the Income Tax Act, 1961 for lower / NIL withholding of taxes, the rate specified in the said certificate shall be considered based on submission of self-attested copy of the same.

Shareholders holding shares in physical form are requested to update their PAN details with the Company's Registrar and Transfer Agent viz. Link Intime India Private Limited ("RTA") at C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai – 400 083.

SHAREHOLDERS HAVING MULTIPLE ACCOUNTS UNDER DIFFERENT STATUS / CATEGORY:

Shareholders holding 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.

Subject to what is stated above, the rate at which taxes are to be deducted at source based on the category of shareholders, are as under:

Shareholder Category	Rate of TDS
Resident Individual Shareholders	
Shareholders providing Form 15G/15H	NIL
If Dividend income <Rs. 5,000	NIL
If Dividend income >Rs. 5,000	<ul style="list-style-type: none">- 10% in case where PAN is provided, operative valid linked with Aadhar and return of income is filed for preceding 2 years.- 20%, in other cases where PAN is not provided, not available, inoperative, not linked with Aadhar, non-filers of return of income for preceding 2 years.

All the above referred tax rates shall be duly enhanced by the applicable surcharge and cess. Higher rate as mentioned above shall be charged in a case of non-filers of return of income u/s 206AB

OTHERS

To enable us to determine the appropriate TDS / withholding tax rate applicability, the aforementioned documents are required to be uploaded with the Registrar and Transfer Agent viz. Link Intime India Private Limited ("RTA") at C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai – 400 083 **not later than 2nd August, 2021**. No communication on the tax determination / deduction shall be entertained thereafter.

In case tax on dividend is deducted at a higher rate in the absence of receipt of the aforementioned details / documents on time, you would still have an option of claiming refund of the higher tax paid at the time of filing your income tax return.

Copies of the TDS certificate will be emailed to you at your registered email ID in due course, post payment of dividend.

We also request you to register your email IDs, mobile numbers and update your bank account details with your Depository Participant for receiving electronic credit of dividends directly into your bank accounts, in case you are holding shares in electronic form or with the RTA in case of holdings in physical form.

Yours faithfully,
For **Century Enka Limited**

Rahul Dubey
Company Secretary

To download - Annexure 1 15H: <https://www.centuryenka.com/pdf/information-tax/cel-form-15H.pdf>

To download - Annexure 2 15G: <https://www.centuryenka.com/pdf/information-tax/cel-form-15g.pdf>

To download - Annexure 3 10F: <https://www.centuryenka.com/pdf/information-tax/cel-form-10f.pdf>

To download - Annexure 4 Resident Self
declaration: <https://www.centuryenka.com/pdf/information-tax/annx-4-resident-tax-declaration.pdf>

To download - Annexure 5 Non Resident Self
declaration: <https://www.centuryenka.com/pdf/information-tax/cel-self-declaration-form.pdf>

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 shareholders are advised to consult their own tax consultants with respect to specific tax implications arising out of receipt of dividend.

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