



ADC India Communications Limited

(CIN: L32209KA1988PLC009313)

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June 12, 2024

Ref: Folio / DP Id & Client Id No: IN300239 11881037

Name of the Shareholder: RENSY MATHEW

Dear Shareholder,

Subject: Deduction of tax at source on dividend

We wish to inform you that the Board of Directors ("Board") of the Company at their meeting held on May 29, 2024, has recommended a dividend of Rs.5/- per equity share and one-time special dividend of Rs.25/- per equity share, totaling to Rs.30/- per equity share of face value of Rs. 10/-each, for the financial year ended March 31, 2024, subject to the approval of the shareholders of the Company.

The dividend, as recommended by the Board, if approved at the ensuing 36th Annual General Meeting to be held on August 9, 2024, will be paid to shareholders holding equity shares of the Company, either in physical form or dematerialised form as per the book closure schedule (Book Closure date: From August 3, 2024 to August 9, 2024).

In terms of the provisions of the Income-tax Act, 1961 ("the Act"), dividend paid or distributed by a Company on or after April 1, 2020, is taxable in the hands of the shareholders. The Company shall therefore be required to deduct tax at source at the time of payment of dividend, at rates based on the category of shareholders and subject to fulfilment of conditions as provided herein below:

For Resident Shareholders:

Tax will be deducted at source ("TDS") under Section 194 of the Act @10% on the amount of dividend payable, unless exempt under any of the provisions of the Act. However, in case of individuals, TDS would not apply if the aggregate of total dividend distributed/paid to them by the Company during a financial year

does not exceed Rs.5,000/-.

Tax will not be deducted at source in cases where a shareholder provides Form 15G (applicable to all individuals) / Form 15H (applicable to an Individual of the age of 60 years), provided that the eligibility conditions are being met. Please note that all fields mentioned in the forms are mandatory and the Company may reject the forms submitted, if not filled correctly.

NIL / lower tax will be deducted on dividend payable to the following categories of resident shareholders, on submission of self-declarations -

- i. **Insurance companies:** Declaration that the provisions of Section 194 of the Act are not applicable to them, along with self-attested copy of registration certificate and PAN card;
- ii. **Mutual Funds:** Declaration by the Mutual Fund eligible for exemption u/s 10(23D) of the Act along with self-attested copy of registration documents and PAN card;
- iii. **Alternative Investment Fund ("AIF") established in India:** Declaration that the shareholder is eligible for exemption u/s 10(23FBA) of the Act and that they are established as Category I or Category II AIF under the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, made under the Securities and Exchange Board of India Act, 1992 (15 of 1992). Copy of self-attested registration documents and PAN card should also be provided;
- iv. **New Pension System Trust:** Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card;
- v. **Other shareholders:** Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card;
- vi. Shareholders who have provided a valid certificate issued u/s 197 of the Act for lower / nil rate of deduction or an exemption certificate issued by the income tax authorities along with Declaration.

For Non-resident shareholders (including Foreign Portfolio Investors):

Tax is required to be withheld in accordance with the provisions of Section 195 and Section 196D of the Act at applicable rates in force. As per the relevant provisions of the Act, tax will be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. However, as per Section 90 of the Act, the non-resident shareholders have the option to be governed by the provisions of the Double Tax Avoidance Treaty ("DTAA") between India and the country of tax residence of the shareholder if they are more beneficial to the shareholder. To avail the DTAA benefits, the non-resident shareholder(s) will have to provide the following:

1. Self-attested copy of PAN card, if allotted by the Indian income tax authorities;
2. Self-attested copy of Tax Residency Certificate ("TRC") obtained from the tax authorities of the country of residence of the shareholder, valid for the financial year 2024-25 covering the period from 1st April 2024 to 31st March 2025;

3. Shareholders who have PAN and propose to claim DTAA benefits need to mandatorily file Form 10F online on income tax portal (www.eportal.incometax.gov.in) with effect from 1st April 2024 to avail the benefit of DTAA;
4. Self-declaration by the non-resident shareholder of meeting the DTAA eligibility requirements and satisfying beneficial ownership requirement (Non-resident having PE in India need to comply with the provisions of section 206AB of the Act);
5. In case of Foreign Institutional Investors and Foreign Portfolio Investors, self-attested copy of the registration certificate issued by the Securities and Exchange Board of India;
6. In case of shareholder being tax resident of Singapore, along with the above (as may be applicable), 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).

Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by non-resident shareholders and meeting the requirements of the Act, read with the applicable DTAA. It must be ensured that self-declaration should be addressed to the Company. In absence of the same, the Company will not be obligated to apply the beneficial DTAA rates at the time of deducting tax on dividend.

Shareholders who are exempted from TDS provisions through any circular or notification may provide documentary evidence in relation to the same to enable the Company in applying the appropriate TDS on dividend payment to such shareholder.

Section 206AB of the Act

Rate of TDS @ 10% u/s 194 of the Act is subject to provisions of Section 206AB of the Act which introduces special provisions for TDS in respect of taxpayers who have not filed their income-tax return (referred to as "specified persons"). U/s 206AB of the Act, tax is to be deducted at higher of the following rates in case of payments to the 'specified persons':

- at twice the rate specified in the relevant provisions of the Act; or
- at twice the rate or rates in force; or
- at the rate of 5%

In cases where both, sections 206AA (higher rate of TDS at 20% in no PAN cases) and 206AB (non-filer of tax returns) are applicable to a shareholder, tax will be deducted at higher of the two rates prescribed in these sections. The non-resident who does not have permanent establishment is excluded from the scope of a 'specified person'. As per the Central Board of Direct Taxes Circular No. 11 of 2021 dated June 21, 2021, for determining TDS rate on dividend, the Company will be using online functionality of the Income-tax department to determine the applicability of Section 206AB of the Act and no claim shall lie against the Company for such taxes deducted.

TDS to be deducted at higher rate in case of non-linkage of PAN with Aadhar

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. The Company will be using functionality of the Income-tax department for the above purpose and no claim shall lie against the Company for such taxes deducted.

To summarise, dividend will be paid after deducting tax at source as under:

- i. NIL for resident shareholders (individuals) receiving dividend upto Rs. 5,000 or in case duly filled up and signed Form No.15G / Form No.15H (as applicable) along with self-attested copy of the PAN card is submitted.
- ii. 10% for other resident shareholders in case copy of valid PAN card is provided / available.
- iii. 20% for resident shareholders if copy of PAN card is not provided / not available or PAN is not linked with Aadhaar/non-filers of Return of Income.
- iv. Tax will be assessed based on documents submitted by the non-resident shareholders.
- v. 20% plus applicable surcharge and cess for non-resident shareholders in case the relevant documents are not submitted.
- vi. Lower/ NIL TDS on submission of self-attested copy of the valid certificate issued under Section 197 of the Act.

Aforesaid rates will be subject to applicability of Section 206AB of the Act.

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 the Company in the manner prescribed in the Rules.

In case tax on dividend is deducted at a higher rate in the absence of receipt or due to defect in any of the aforementioned details / documents, claim for refund of the excess tax deducted can be made at the time of filing your income tax return. No claim shall lie against the Company for such taxes deducted.

Updation of PAN, email address and other details:

Shareholders holding shares in dematerialised mode, are requested to update their records such as tax residential status, PAN, registered email address, mobile number and other details with their relevant depositories through their depository participants. Shareholders holding shares in physical mode are requested to furnish details to the Company's Registrar and Transfer Agent, viz. KFin Technologies Limited ("KFin") through relevant ISR forms. The Company is obligated to deduct tax at source based on the records made available by National Securities Depository Limited or Central Depository Services (India) Limited ("the Depositories") in case of shares held in electronic mode and from the RTA in case of shares held in

physical mode and no request will be entertained for revision of TDS return. No subsequent requests for any change in residential status, PAN, address etc. as available on the record date, will be entertained by the Company.

Kindly note that the aforementioned documents should be uploaded with KFin at <https://ris.kfintech.com/form15/> or emailed to einward.ris@kfintech.com before July 25, 2024. No communication on the tax determination / deduction shall be entertained after July 25, 2024.

Update of Bank Account details:

While on the subject, 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 your shareholding is in the physical form, you will have to submit Form ISR-1, duly signed by you, along with a cancelled cheque leaf with your name and bank account details and a copy of your PAN card, duly self-attested, with KFin. This will facilitate receipt of dividend directly into your 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.

We request your cooperation in the matter.

Thanking you,

Yours faithfully,

For ADC India Communications Limited

Sd/-

R. Ganesh

Company Secretary

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

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

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

[Click here](#) to download Self Declaration (Resident Shareholders)

[Click here](#) to download Self Declaration (Non-resident shareholder).

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