



**USHA MARTIN LIMITED**

**CIN:** L31400WB1986PLC091621

**Registered Office:** 2A, Shakespeare Sarani, Kolkata - 700 071, West Bengal, India

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10th May 2023

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

Dear Shareholder,

We hope you and your family members are safe and healthy.

We are pleased to inform you that the Board of Directors of the Company at their Meeting held on 27<sup>th</sup> April 2023, have recommended a Dividend of Rs. 2.50/- per Equity Share of Re. 1/-each (250%) for the financial year ended 31<sup>st</sup> March 2023. As you are aware, as per the Income-tax Act, 1961 (the Act), as amended by the Finance Act, 2020, dividends paid or distributed by a company on or after 1<sup>st</sup> April 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 Thirty Seventh Annual General Meeting (“AGM”) of the Company and the net dividend shall be paid to the shareholders.

All the shareholders are requested to ensure that their details with reference to valid Permanent Account Number, Residential status as per Act i.e., Resident or Non-Resident as applicable, Category of their account as per the PAN, E-mail ID / postal address, Bank Account details are complete / updated, as applicable, in their account maintained with Depository Participant (in case of shares held in dematerialized form) and in case of shares held in physical form, complete / update the said details with MCS Share Transfer Agent Limited, the Company’s Registrar & Share Transfer Agent (‘RTA’).

This communication provides the applicable Tax Deduction at Source (TDS) provisions under the Act for Resident and Non-Resident shareholder categories and the documentation required from respective categories of shareholders. The TDS rate may vary depending on the residential status of the shareholder and the documents submitted to the Company in accordance with the provisions of the Act. The TDS for various categories of shareholders along with required documents are provided in Table 1 and 2 below:

**Table 1: Resident Shareholders**

Category of shareholder	Tax Deduction Rate	Exemption applicability/ Documentation requirement
Any resident shareholder	10%	<p><u>Applicability:</u> Resident shareholder who is not a “specified person” as per section 206AB of the Act having a valid PAN on records of the Company No deduction of taxes in the following cases -</p> <ul style="list-style-type: none"> <li>• <b>If total dividend paid by the Company to a resident Individual shareholder during FY 2023-24 does not exceed Rs.5,000/-</b></li> </ul> <p><u>Documentation requirement:</u> Update the PAN if not already done with depositories (in case of shares held in Demat mode) and with the Company’s Registrar and Transfer Agents -MCS Share Transfer Agent Limited (in case of shares held in physical mode).</p>
Submitting Form 15G/ Form 15H	NIL	Individual Shareholder providing Form 15G / Form 15H (applicable to an Individual above the age of 60 years) - on fulfillment of prescribed conditions (This form can be submitted only in case the shareholder’s tax on estimated total income for FY 2023-24 is Nil). Please refer attached format in “ <b>Annexure A</b> ” and “ <b>Annexure B</b> ” respectively. Please note that all fields are mandatory to be filled up and the Company may at its sole discretion reject the form in case the requirement of law are not fulfilled.
Availability of lower/nil tax deduction certificate issued by Income Tax Department under Section 197 of the Act	Rate provided in the order	<p><u>Applicability:</u> Resident shareholder who is not a “specified person” as per section 206AB of the Act having a valid PAN on records of the Company No deduction of taxes in the following cases -</p> <ul style="list-style-type: none"> <li>• <b>If total dividend paid by the Company to a resident Individual shareholder during FY 2023-24 does not exceed Rs.5,000/-</b></li> </ul> <p><u>Documentation requirement:</u> Lower/NIL withholding tax certificate obtained from Income Tax authorities valid for the FY 2023-24.</p>

Category of shareholder	Tax Deduction Rate	Exemption applicability/ Documentation requirement
Insurance Companies: Public & Other Insurance Companies	NIL	<ul style="list-style-type: none"> <li>- No TDS would be applied for the dividend payable on the shares held by the specified insurance companies as mentioned under section 194 of the Act.</li> <li>- Self-declaration that it has full beneficial interest with respect to shares owned.</li> <li>- Self-attested copy of PAN card; and</li> <li>- Copy of registration certificate issued by the IRDAI.</li> </ul>
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.	NIL	<ul style="list-style-type: none"> <li>- Declaration that it is a corporation established by or under a Central Act whereby income- tax is exempt on the income and accordingly, covered under section 196 of the Act.</li> <li>- Self-attested copy of PAN card; and</li> <li>- Registration certificate and relevant extract of the section whereby the income is exempt from tax</li> </ul>
Mutual Funds	NIL	<ul style="list-style-type: none"> <li>- Self-declaration that they are specified in section 10(23D) of the Act and hence, covered under section 196 of the Act.</li> <li>- Self-attested copy of PAN card; and</li> <li>- Registration certificate issued by SEBI</li> </ul>
Alternative Investment fund	NIL	<ul style="list-style-type: none"> <li>- Self-declaration that its income is exempt under section 10(23FBA) of the Act and established as Category I or Category II AIF under SEBI regulations [by way of Notification No. 51/2015 dated 25<sup>th</sup> June 2015 read with section 197A(1F) of the Act.]</li> <li>- Self-attested copy of the PAN card; and</li> <li>- Registration certificate issued by SEBI.</li> </ul>
Government (Central/ State)/ RBI	NIL	<ul style="list-style-type: none"> <li>- No TDS is required to be deducted as per Section 196(i) of the Act</li> </ul>
New Pension System (NPS) Trust	NIL	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 PAN card.
Other Non-Individual shareholders	NIL	Self-attested copy of documentary evidence supporting the exemption along with self-attested copy of PAN card.
Securitization Trust	NIL	Copy of registration/ document evidencing the shareholder being a securitization trust (as defined in clause (d) of the Explanation below section 115TCA of the Act).
Other resident shareholder without PAN/ Invalid PAN/not filed Return for preceding financial year	20%	Resident shareholder without PAN / invalid PAN on records of the Company or is a "specified person" as per section 206AB of the Act
<ul style="list-style-type: none"> <li>· Recognized provident funds</li> <li>· Approved superannuation fund</li> <li>· Approved gratuity fund</li> </ul>	NIL	Necessary documentary evidence as per Circular No. 18/2017 issued by Central Board of Direct Taxes (CBDT)

Recording of valid Permanent Account Number (PAN) against registered Folio/DP ID-Client ID is mandatory. If the PAN is not as per the database of the Income-Tax Portal of Govt. of India, it would be considered as invalid PAN. In absence of valid PAN, tax will be deducted at a higher rate of 20% as per Section 206AA of the Act.

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, and, in such scenario, tax shall be deducted at higher rate of 20%.

**Table 2: Non-resident Shareholders**

Category of shareholder	Tax Deduction Rate	Exemption applicability/ Documentation requirement
Any non-resident shareholder	20% (plus applicable surcharge and cess) or Tax Treaty rate whichever is lower	<p>As per the provisions of the Income Tax Act, 1961, the non-resident shareholder may have an 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 such DTAA provisions are more beneficial to them. To avail the DTAA benefits, the non-resident shareholder shall furnish the following documents to the Registrars and Transfer Agents (RTA) of the Company:</p> <ol style="list-style-type: none"> <li>a. Self-attested copy of Permanent Account Number (PAN), if allotted by the Indian Income Tax Authorities;</li> <li>b. Self-attested Tax Residency Certificate (TRC) issued by the tax authorities of the country of which shareholder is a resident, evidencing and certifying shareholder's tax residency status during the Financial Year 2023-24;</li> <li>c. Copy of Form 10F as per the Income-tax Rules, 1962 <b>filed electronically on the income tax portal in India</b>. Please refer attached format in <b>"Annexure C"***</b></li> <li>d. Self-declaration in the prescribed format which is attached as <b>"Annexure D"</b>, certifying on the following points along with adequate documentary evidence substantiating the nature of the entity:               <ol style="list-style-type: none"> <li>i. Shareholder is and will continue to remain a tax resident of the country of its residence during the Financial Year 2023-24;</li> <li>ii. Shareholder is eligible to claim the beneficial DTAA rate for the purposes of tax withholding on dividend declared by the Company;</li> <li>iii. Shareholder has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;</li> <li>iv. Shareholder is the ultimate beneficial owner of its shareholding in the Company and dividend receivable from the Company;</li> <li>v. Shareholder complies with any other conditions prescribed in the relevant Tax Treaty and provisions under the Multilateral Instrument ('MLI')</li> <li>vi. Shareholder does not have a taxable presence or a permanent establishment or place of effective management in India during the Financial Year 2023-24.</li> </ol> </li> </ol> <p>It is recommended that shareholders should independently satisfy its eligibility to claim DTAA benefit including meeting of all conditions laid down by DTAA. 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.</p>
Foreign Institutional Investors, Foreign Portfolio Investors (FII, FPI)	20% (plus applicable surcharge and cess) or Tax Treaty rate whichever is lower	FPI registration number / certificate along with documents as mentioned above.
Indian Branch of a Foreign Bank	NIL	<p>Lower tax deduction certificate u/s 195(3) obtained from Income Tax Authority, if any.</p> <p>Self-declaration confirming that the income is received on its own account and not on behalf of the Foreign Bank</p>
Overseas Trust	20% (plus applicable surcharge and cess)	Provision of benefits of Tax Treaty rate to Overseas Trust is a subject matter of debate. Hence, for the purpose of withholding tax, the rate as per the Act shall be applied

Category of shareholder	Tax Deduction Rate	Exemption applicability/ Documentation requirement
Availability of lower/nil tax deduction certificate issued by Income Tax Department under Section 197 of the Act	Rate provided in the Order	Lower/NIL withholding tax certificate obtained from Income Tax authorities valid for FY 2023-24.
Tax resident of any notified jurisdictional area	30% or rate specified in the relevant provision of the Act or at the rates in force, whichever is higher (plus applicable surcharge and cess)	Where any shareholder is a tax resident of any country or territory notified as a notified jurisdictional area under section 94A(1) of the Act, tax will be deducted at source @ 30% or at the rate specified in the relevant provision of the Act or at the rates in force, whichever is higher, from the dividend payable to such shareholder in accordance with Section 94A(5) of the Act
ADR/GDR holders	10% (plus applicable surcharge and cess)	In case of dividend paid on GDR / ADR to non-residents, tax will be deducted at the rate of 10% under section 196C of the Act, subject to self-attested copy of PAN card issued by Indian Revenue Authorities

\*\* Furnishing Form 10F on the income tax portal is mandated by Notification No. 03/2022, dated 16-07-2022. Shareholders shall need to login to the income tax portal and file the Form 10F online and share the final copy with us.

However, partial relaxation is provided up to 30<sup>th</sup> September 2023 for those non-residents **who are not having PAN and not required to have PAN** as per relevant provisions of the Income-tax Act, 1961 in India. Accordingly, shareholders may provide appropriate declaration in **Annexure D** duly confirming whether they have or don't have / not required to have a PAN in India as per the relevant provisions of the Income-tax Act, 1961 along with a copy of manual Form 10F / electronically filed 10F as applicable to avail tax treaty benefits.

In order to enable us to determine the appropriate applicable TDS / Withholding Tax Rate, **we request you to provide the above-mentioned details and documents on or before 30<sup>th</sup> June 2023.**

**FOR SHAREHOLDERS HAVING MULTIPLE FOLIO ACCOUNTS UNDER DIFFERENT STATUS / CATEGORY:**

Shareholders holding shares under multiple share folio 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.

**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 1<sup>st</sup> July 2021. The provisions of section 206AB of the Act (as amended vide Finance Act, 2022) 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 rate(s) in force; or
- iii. At the rate of 5%.

The 'specified person' means a person who has:

- a) not furnished the 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 sub-section (1) of section 139 has expired; and
- b) the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in the said previous year.

The non-resident who does not have a permanent establishment is excluded from the scope of a specified person. In case government provides any guidelines to comply with section 206AB, the Company will deduct tax in accordance with said guidelines. Tax deducted in accordance with said guidelines is final and Company shall not refund/adjust said amount subsequently.

The Income Tax Department has issued a compliance check utility to check whether a person is covered under the 'specified person' as defined under Section 206AB of the Act. Accordingly, for determining TDS rate on Dividend, the Company will be using said utility to determine the applicability of Section 206AB of the Act.

**Kindly note that the documents / information as mentioned above are required to be emailed to us at email ID "investor@ushamartin.co.in" on or before 30<sup>th</sup> June 2023 and hard copy of the same should be sent to us at Share Department, Usha**

**Martin Limited, Mangal Kalash Building, 2A, Shakespeare Sarani, Kolkata – 700 071, West Bengal, India in order to enable the Company to determine and deduct appropriate TDS / Withholding Tax Rate. Incomplete and/or unsigned forms, declarations and documents will not be considered by the Company for granting any exemption. No communication/documents on the tax determination / deduction shall be considered post 30<sup>th</sup> June 2023.**

No claim shall lie against the Company for such taxes deducted. Shareholders may note that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned correct details/documents from you, option is available to you to file the return of income as per Income-tax Act, 1961 and claim an appropriate refund, if eligible.

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/s, such shareholder/s will be responsible to indemnify the Company and also provide the Company with all information / documents and co-operation in any appellate proceedings.

The Company will arrange to email a soft copy of TDS certificates u/s 203 to you at your registered email ID post completion of activities as per the prescribed timelines. Shareholders will also be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at **<https://incometaxindiaefiling.gov.in>**.

In terms of Rule 37BA of 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 deductee should file declaration with Company in manner prescribed by Rules.

Kindly note that above mentioned declaration for giving credit of taxes deducted to the beneficial owner should be made within 15 days of the record date. Requests received after 15 days from the record date will not be entertained.

We request your cooperation in this regard.

Thanking you,

Yours faithfully,

For Usha Martin Limited

Sd/-

**Shampa Ghosh Ray**

Company Secretary

Encl.: as above

*Disclaimer: This communication shall not be treated as an advice from the Company or its affiliates or its Registrar and Share Transfer Agent. Shareholders should obtain tax advice related to their tax matters from a tax professional.*