



BHARAT HEAVY ELECTRICALS LIMITED

(CIN: L74899DL1964GOI004281)

Regd. Office: BHEL House, Siri Fort, New Delhi-110049

Phone: 011-66337598

Website: www.bhel.com, Email: shareholderquery@bhel.in

Dear Shareholder,

Subject: Deduction of Tax at source on Final Dividend for the F.Y. 2023-24

As you are aware that the Board of Directors of your Company has recommended a Final Dividend of 12.5% (Rs. 0.25 per share) for the Financial year 2023-24 at its meeting held on May 21, 2024. The Annual General Meeting (AGM) is scheduled on Thursday, August 22, 2024 and the Final Dividend, if declared at the AGM, will be paid within 30 days of declaration. The Company has fixed Friday, August 9, 2024 as the record date for determining entitlement of members to receive final dividend for the year ended March 31, 2024.

1. In terms of the provisions of Income Tax Act, 1961, ('the Act'), dividend declared, paid and distributed by the Company on or after 01st April, 2020 shall be taxable in the hands of the shareholders. The Company shall therefore be required to deduct tax at source (TDS) at the time of payment of dividend in accordance with the provisions of the Act.
2. As per the latest information available with the Depositories (NSDL / CDSL) or with the Registrar and Transfer Agent (**RTA**) (M/s. Alankit Assignments Limited), you are classified either as a Resident Shareholder or a Non-Resident Shareholder and sub-classified as Individual / Company / Firm / HUF / AOP / Trust / other entity based on the Permanent Account Number (PAN). If you remain as a shareholder on record date, the dividend receivable by you would be taxable under the Act and would be subject to TDS as per the extant provisions of the Act.
3. If there is any change in the above information, you are requested to update your records such as tax residential status, permanent account number (PAN) and update your email address, mobile numbers and other details with your relevant depositories through your depository participants in case you are holding shares in dematerialized form and if you are holding shares in physical mode, you are requested to furnish the details to the RTA of the Company. The records may please be updated before the record date to ensure correct deduction of tax, if applicable.
4. Further, we wish to inform that Securities and Exchange Board of India (SEBI), vide its latest Master Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated 7th May 2024, read with SEBI/HO/MIRSD/POD-1/P/CIR/2024/81 dated 10th June 2024, has issued, inter alia, guidelines on "Common and Simplified Norms for Processing Investor's Service Requests by RTAs and norms for furnishing PAN, KYC details." Para 19.1 of the Master Circular mandates all the holders of physical securities to furnish PAN, Contact details, Bank A/c details and Specimen signature for their corresponding folio numbers. In continuation of the same, Para 19.2 lays down the procedure for availing services and payment of dividend etc. in the folios without PAN, KYC details which reads as under:

"19.2. Folios without PAN and KYC details: The security holder(s) whose folio(s) do not have PAN, Contact Details, Bank Account Details and Specimen Signature updated, shall be eligible:



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- a. to lodge grievance or avail any service request from the RTA only after furnishing PAN and KYC details.
- b. ***for any payment including dividend, interest or redemption payment in respect of such folios, only through electronic mode with effect from April 01, 2024. An intimation shall be sent by the Listed Company/ Entity to the security holder that such payment is due and shall be made electronically only upon complying with the requirements stated in Para 19.1 of the Master Circular."***

5. For Resident Shareholders:

TDS shall be applicable under Section 194 of the Act @ 10% on the amount of dividend payable, where a valid PAN has been furnished by the concerned resident shareholders to their respective Depository Participants (in case shares are held in dematerialised form) or to the RTA of the Company (in case shares are held in physical form). In case shareholders do not have PAN / invalid PAN/PAN not linked with Aadhar / not registered their valid PAN in their accounts, TDS at the rate of 20% shall be deducted under Section 206AA of the Act.

Every Individual who is required to link his PAN with Aadhaar as per the extant provisions of Section 139AA of the Act (refer Notification No. 37/2017 dated 11.05.2017), needs to intimate his Aadhaar number to the Income tax department for PAN-Aadhaar linking. Further, as per Rule 114AAA, where such person fails to do so, his PAN shall become inoperative and where tax is deductible on payment to such person it will be subject to higher TDS rates as per provisions of section 206AA of the Act.

Further, no TDS will be applicable for dividend payable to:

a) Resident Individual Shareholders, if:

- i) the total dividend to be paid to the Individual shareholder during F.Y. 2024-25 i.e. April 01, 2024 to March 31, 2025 does not exceed Rs. 5,000/-;or
- ii) their income is below the taxable limit and a declaration is received from the concerned shareholders in Form 15G (for persons below the age of 60 years) or in Form 15H (for persons of the age of 60 years and more) along with self-attested copy of PAN card, subject to eligibility conditions being met.

b) Resident Shareholders other than Individuals, if:

Sufficient documentary evidence thereof, to the satisfaction of the Company is submitted as mentioned below:

- i) **Insurance companies:** A declaration that they are beneficial owners of shares held and declaration that TDS provisions on dividend are not applicable to the entity along with self-attested copies of registration certificate and PAN;



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- ii) **Mutual Funds:** Self-declaration that they are specified and eligible for exemption under section 10 (23D) of the Act, 1961 along with a self-attested copies of registration certificate and PAN;
- iii) **Alternative Investment Fund (AIF) established in India:** Self-declaration that its income is exempt under Section 10 (23FBA) of the Act and they are governed by SEBI regulations as Category I or Category II AIF along with a self-attested copies of registration certificate and PAN;
- iv) **New Pension System Trust:** Self-declaration that they are governed by the provisions of Section 10 (44) and sub-section 1E to section 197A of the Act along with self-attested copies of registration certificate and PAN;
- v) **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 self-attested copies of registration certificate and PAN and other relevant documentary evidence;
- vi) **Other Resident Non Individual Shareholders:** Shareholders who are exempted from the provisions of TDS as per Section 194 of the Act or are covered u/s 196 the Act 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 same.

Application of Nil rate at the time of tax deduction / withholding tax on dividend amount shall depend upon the completeness of the Documents submitted by such shareholders.

6. For Non-resident Shareholders including Foreign Portfolio Investors and Foreign Institutional Investors

TDS will be applicable @ 20% (plus applicable surcharge and cess) on the amount of dividend payable.

However, as per the provisions of Section 90 of the Income Tax Act, 1961, a non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement ('DTAA') entered into 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 tax treaty benefits, the non-resident shareholder will have to compulsorily provide the following documents:

- Self-attested copy of PAN card, if any, allotted by the Indian Income Tax Authorities.
- Self-attested copy of Tax Residency Certificate ('TRC') obtained from the tax authorities of the country of which the shareholder is resident, evidencing shareholder's tax residency status during Financial Year 2024-25. In case, the TRC is furnished in a language other than English, the official translated copy of TRC in English language would be required.
- E-filed copy of Form 10F generated electronically from Income tax portal.
- Self-declaration by the non-resident shareholder as to:



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- Eligibility to claim tax treaty benefits based on the tax residential status of the shareholder along with such particulars / confirmation as would be imperative to be governed by and / or avail benefits, if any, under the applicable DTAA;
- No Permanent Establishment /fixed base in India in accordance with the applicable tax treaty;
- Shareholder being the beneficial owner of the dividend income.

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 DTAA rate shall depend upon the completeness and satisfactory review by the Company of the documents submitted by the Non- Resident shareholders. The documents referred to in above points can be downloaded from the link given at the end of this communication.

Non-residents having Permanent Establishment (PE) in India would need to comply with provisions of section 206AB of the Act.

7. TDS to be deducted at higher rates in case of non-filers of Return of Income - Section 206AB of the Act

Rate of TDS @10% u/s 194 of the Act is subject to provisions of section 206AB of Act which provides for TDS rates in respect of specified persons i.e. non-filers of income-tax return. In accordance with section 206AB, tax is required to be deducted at the highest of following rates in case of payments to specified persons:

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

The term 'specified person' is defined in sub section (3) of section 206AB of the Act who satisfies the following conditions:

- A person who has not filed the income tax return for the year immediately preceding the year in which tax is required to be deducted, for which the time limit of filing of return of income under section 139(1) of the Act has expired; and
- The aggregate of TDS and TCS at source in his case is Rs. 50,000 or more in the said preceding year.

Non-residents who don't have the permanent establishment in India or a person who is not required to furnish the return of income are excluded from the scope of a 'specified person'. Accordingly, for the purpose of Section 206AB, non-resident person is required to provide "No Permanent Establishment" Certificate. In case wrong declaration is provided to the Company regarding permanent establishment, Company reserves its right to recover any demand raised subsequently on the Company under section 206AB and the claim for such recovery shall lie on the recipient of the dividend.



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Please note that the information regarding whether a shareholder is a specified person or not will be determined using the Compliance check functionality of the Income Tax Department in accordance with CBDT Circular No. 11/ of 2021 dated June 21, 2021. Further, any demand / penalty raised by the I. T. Department on account of Compliance functionality shall lie on the shareholder.

Where sections 206AA and 206AB are applicable simultaneously i.e., the specified person has not submitted the PAN as well as not filed the return; the tax shall be deducted at higher of two rates prescribed in these two sections.

8. Resident as well as Non-resident Shareholders covered u/s 197 of the Act

In the case where the shareholders provide a certificate under Section 197 of the Act 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.

9. Kindly note that the aforementioned documents should be uploaded with M/s Alankit Assignments Limited, the Registrar and Transfer Agent ("RTA") at <https://einward.alankit.com/> on or before 13/08/2024 (Cut-off Date).

10. Shareholders having multiple accounts under different status / category

In case of Shareholders holding shares in multiple accounts under different status/ category under a single PAN, higher of the tax rate as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.

11. The consideration of the aforesaid documents, including application of beneficial Tax Treaty Rate, where applicable, will depend on the adequacy and completeness of such documents submitted by the shareholders and review of the same to the satisfaction of the BHEL. Documents received after 13.08.2024 (Cut-off date) and / or incomplete documents will not be considered.

12. In the event where the benefit of lower tax on dividend cannot be provided by the Company in the absence of, or due to late receipt of, the aforesaid documents, shareholders will still have an option to claim appropriate refund, if eligible, at the time of filing their income tax returns. No claim shall lie against the Company for taxes once deducted.

13. Transferring credit to the beneficial owner

In cases where the shareholder is merely a custodian of the shares and, accordingly, not the beneficial owner of the dividend payable in respect thereof, i.e the dividend is assessable in the hands of another person, then, in order to transfer the credit of TDS to the beneficial owner of dividend income, i.e in whose hands the dividend is assessable, the shareholder may provide a declaration prescribed under Rule 37BA of the Income-Tax Rules, 1962. The aforesaid declaration shall contain (i) name, address, PAN and residential status of the person



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to whom credit is to be given; (ii) payment in relation to which credit is to be given; and (iii) the reason for giving credit to such person.

The above declaration must be provided on or before **13.08.2024 (Cut-off date)** in order to enable the Company to determine and apply appropriate TDS. Please note that no application under Rule 37BA would be considered in absence of the aforesaid details.

Such Declaration under Rule 37BA of the Income Tax Rules, 1962, if any, received after 13.08.2024 (Cut-off date) and / or with incomplete details will not be considered.

14. Information on tax deducted:

- The Company will arrange to email a soft copy of the TDS certificate to the registered email IDs of the shareholders in due course. The TDS amount will also be reflected in Form 26AS of the shareholder, which can be downloaded from their e-filing account at <https://www.incometax.gov.in/iec/foportal/>
- If the requisite documents and details are not provided by the shareholders within the specified time, TDS would be regulated as per the provisions of the Act. In such a case, if TDS is deducted at a rate which is considered higher than the applicable rate of tax in a particular case, refund of such excess TDS may be claimed by the shareholder as provided under law. No claim shall, however, lie against the Company for such deduction of TDS.
- In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be 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 appellate proceedings, if any, preferred by the Company.
- Further, shareholders who have not registered their email address are requested to register the same. In case shares are held in physical mode, please provide Folio No., Name of Shareholder, PAN (self-attested scanned copy of PAN card) and Aadhaar (self-attested scanned copy of Aadhaar Card) to RTA (M/s. Alankit Assignments Limited).

In case shares are held in Demat mode, please provide DPID-CLID (16-digit DPID + CLID or 16-digit beneficiary ID), Name, PAN (self-attested scanned copy of PAN card), Aadhaar (self-attested scanned copy of Aadhaar Card) to your Depository Participant.

- In line with the Securities and Exchange Board of India ("SEBI") directives, the Company is required to update Bank account details of its Shareholders to enable usage of the electronic mode of remittance for distributing dividends and other cash benefits to its Shareholders.

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 electronic form and in case your shareholding is in physical form, you will have to submit a request letter, duly signed by the



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first shareholder, along with a cancelled cheque leaf bearing your name and bank account details and a copy of your duly self-attested PAN card to the RTA, M/s Alankit Assignments Limited. This will facilitate receipt of dividend directly into your Bank account. In case, the cancelled cheque leaf does not bear the shareholder(s) name, please attach a copy of the Bank pass-book statement, duly attested.

ABOVE COMMUNICATION ON TDS SETS OUT THE PROVISIONS OF LAW IN A SUMMARISED MANNER ONLY AND DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OR LISTING OF ALL POTENTIAL TAX CONSEQUENCES. SHAREHOLDER SHOULD OBTAIN ADVICE RELATED TO THEIR TAX MATTERS FROM A TAX PROFESSIONAL.

Further, any amendment made to Income Tax provisions vide the Finance Act or otherwise, shall accordingly be applied at the time of deduction of TDS, including other statutory compliances, in respect of dividend payable to shareholders.

For any query pertaining to above dividend payment, please mail to rameshk1@alankit.com
Please send your correspondence to our RTA at the following address:

M/s Alankit Assignments Limited
(Unit: Bharat Heavy Electricals Limited),
205-208, Anarkali Complex, Jhandewalan Extension, New Delhi – 110055.
Telephone: 7290071335

Thank you for your kind co-operation and support.

Yours faithfully,

For Bharat Heavy Electricals Limited

Sd/-

(Dr. Yogesh R Chhabra)

Company Secretary

Enclosures:

- [Form 15H \(Link\)](#)
- [Form 15G \(Link\)](#)
- [Self-Declaration \(Link\)](#)