



Shyam Metals And Energy Limited
Corporate Office: Trinity Tower, 7th Floor, 83, Topsia Road, Kolkata – 700046, West Bengal
Website: www.shyammetalics.com Email: compliance@shyamgroup.com
Contact No.: 033-4016 4001
CIN: U40101WB2002PLC095491

September 13, 2021

Dear Shareholder(s),

Subject: SHYAM METALICS AND ENERGY LIMITED – DEDUCTION OF TAX AT SOURCES ON DIVIDEND

We hope that you and your family are doing well and are safe and healthy. Please take care of yourselves.

We wish to inform you that the Board of Directors of the Company at its meeting held on 8th July, 2021 has recommended final dividend of Rs. 2.70/- per equity share having nominal value of Rs.10/- each for the Financial year ended 31st March, 2021.

The dividend, as recommended by the Board of Directors of the Company, if approved at the Annual General Meeting, will be paid to shareholders holding equity shares of the Company, either in electronic or in physical form on 8th September, 2021 i.e. Record date for determining eligibility of shareholders to receive dividend.

As you may be aware, in terms of the provisions of the Income Tax Act, 1961, ("the Act") as amended by the Finance Act, 2020, dividend paid or distributed by a Company on or after 1st April, 2020 shall be taxable in the hands of the shareholders. The Company shall therefore be required to deduct tax at source u/s 194, 195 and 196D of the Act depending upon the status and category of the Shareholders at the time of payment of dividend.

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 to them by the Company during FY 2021-22 does not exceed Rs. 5,000.

However, Tax at source will not be deducted in cases where a resident shareholder provides Form 15G (applicable to an individual) / Form 15H (applicable to an individual who is 60 years or older), provided that the eligibility conditions are being met. Blank Form 15G and 15H can also be downloaded from the link given at the end of this communication or from Investors section on the website of the Company www.shyammetalics.com

Needless to mention, the Permanent Account Number (PAN) will be mandatorily required for claiming above referred tax exemption.

For **other resident shareholder without PAN/Invalid PAN being shareholders identified as 'specified persons' (refer detailed note on Section 206AB below)** for the purpose of higher deduction of tax as per 'Compliance Check Facility' made available by the Income Tax Department, shareholders should update the PAN if not already done with depositories (in case shares are held in demat mode) and with the Company's Registrar & Share Transfer Agent.

In order to provide exemption from withholding of tax, the following organizations must provide a self-declaration as listed below:

Insurance companies: A declaration that they are beneficial owners of shares held along with documentary evidence that the provisions of Section 194 of the Act are not applicable

Mutual Funds: A declaration that they are governed by the provisions of section 10(23D) of the Act along with copy of registration documents (self-attested)

- **Alternative Investment Fund (AIF) established in India:** A declaration that its income is exempt under section 10(23FBA) of the Act and they are established as Category I or Category II AIF under the SEBI regulations. Copy of registration documents (self-attested) should be provided

For non-resident shareholders/ Foreign Institutional Investors (FII)/ Foreign Portfolio Investors (FPI), tax is required to be withheld in accordance with the provisions of Section 195/196D of the Act, at applicable rates in force. As per the relevant provisions of the Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. However, as per Section 90 of the Act, a non-resident shareholder 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 Tax Treaty benefits, the non-resident shareholder will have to provide the following:

- i. Self-attested copy of Permanent Account Number (PAN Card), if any, allotted by the Indian Income Tax authorities;
- ii. Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is resident;
- iii. Self-declaration in Form 10F, if all the details required in this form are not mentioned in the TRC;
- iv. Self-declaration by the non-resident shareholder of having no permanent establishment in India in accordance with the applicable Tax Treaty;
- v. Self-declaration of beneficial ownership by the non-resident shareholder.

For non-resident shareholders who are tax residents of Notified Jurisdictional Area as defined under section 94A(1) of the Act, tax will be required to be deducted @30%.

For Sovereign Wealth Fund, Pension Funds, Other bodies notified under section 10(23FE) of the Act, self-declaration to be provided substantiating the fulfillment of conditions prescribed under the aforesaid section of the Act.

For non-resident shareholder identified as 'specified persons' for the purpose of higher deduction of tax as per 'Compliance Check Facility' made available by the Income Tax Department (refer detailed note on Section 206AB below).

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.

Sample formats of the documents referred to in point nos. (iii) to (v) can be downloaded from the link given at the end of this communication or from Investors section on the website of the Company www.shyammetalics.com

The Company is not obligated to automatically 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.

To enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to provide the above details and documents not later than **25th September, 2021**.

Dividend will be paid after deducting the tax at source as under:

- NIL for resident shareholders receiving dividend upto Rs. 5000 or in case Form 15G/ Form 15H (as applicable) along with self-attested copy of the PAN is submitted
- 10% for resident shareholders in case PAN is provided/available
- 20% for resident shareholders, if PAN is not provided / not available
- Tax will be assessed on the basis of documents submitted by the non-resident shareholders
- 20% plus applicable surcharge and cess for non-resident shareholders in case the aforementioned documents are not submitted
- Lower/ NIL TDS on submission of self-attested copy of the certificate issued under section 197 of the Act

Kindly note that the aforementioned documents should be uploaded with KFin Technologies Private Limited, the Registrar and Transfer Agent ("KFin") at <https://ris.kfintech.com/form15> or emailed to inward.ris@kfintech.com. No communication on the tax determination /deduction shall be entertained after **25th September, 2021**. The Company reserves the right to reject the documents in case of any discrepancy or if the documents are found to be incomplete.

In case tax on dividend is deducted at a higher rate in the absence of receipt 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.

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 send a duly signed declaration with details of actual beneficial in excel sheet as per Annexure – A. Formats can be downloaded from investor's section on the website of the company in the manner prescribed in the said Rules.

SECTION 206AB OF THE ACT

Rate of TDS u/s 194 ,195 & 196D of the Act are subject to provisions of Section 206AB of the Act (effective from 1st July, 2021) which introduced special provisions for TDS in respect of taxpayers who have not filed their income-tax return (referred to as specified persons).

Under section 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 provision of the Act; or –
- at twice the rate or rates in force; or –
- at the rate of 5%.

In cases where Sections 206AA (Non-PAN) and 206AB are applicable i.e. the shareholder has not submitted the PAN as well as not filed the return; tax will be deducted at higher of the two rates prescribed in these sections.

"Specified person" as defined u/s 206AB (3) is someone who satisfies the following conditions:

- A person who has not filed income tax return for two previous years immediately prior to the previous 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 in whose case is Rs. 50,000 or more in each of these two previous years.

Non-resident shareholders who do not have permanent establishment in India (i.e. fixed place of business of India) are excluded from the scope of a "specified person".

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 a scanned copy of a covering letter, duly signed by the first shareholder, 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 Technologies Private Limited. This will facilitate receipt of dividend directly into your bank accounts. In case the cancelled cheque leaf does not bear the shareholders name, please attach a copy of the bank pass-book statement, duly self-attested. We also request you to register your email IDs and mobile numbers with the Company or the RTA at the above-mentioned emails.

We seek your co-operation in the matter.

Thanking you,

Yours sincerely,
For SHYAM METALICS AND ENERGY LIMITED
Sd/-
Birendra Kumar Jain
Company Secretary

Form Attached – 15H
Form Attached – 15G
Form Attached – 10F
Form Attached – self declaration

Disclaimer: 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 investors are advised to consult their own tax consultant with respect to specific tax implications arising out of receipt of dividend.