**Heranba Industries Limited**

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Date: <<>>

Dear Shareholder,

Trust you and your family are safe and in good health !!

We are pleased to inform you that the Board of Directors at their Meeting held on 23 May 2025 have approved a final dividend of Rs 1.00/- per Equity Share on face value of Rs 10/- each (i.e. 10.00% of the face value). The Dividend is payable to all persons who are members of the Company as on 17 September 2025, being the Record date fixed for determining the list of members eligible for payment of dividend.

As you are aware that as per the Income Tax Act, 1961 (the Act), as amended by the Finance Act, 2020, dividends paid or distributed by a Company after 1April 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 said Dividend.

This communication provides a brief of the applicable Tax Deduction at Source (‘TDS’) provisions under the Act for Resident and Non-Resident shareholder categories. The TDS rate would vary depending on the residential status, category of the shareholder and is subject to provision of requisite declarations / documents to the Company.

Please note that cut-off date for determining the eligibility of members to pay Dividend will be 17 September 2025.

1. **RESIDENT SHAREHOLDERS:**

A.1 No tax shall be deducted on payment of dividend to the resident individual shareholders, if the total dividend for a financial year does not exceed Rs. 10,000 (Rupees Ten Thousand), subject to availability of Permanent Account Number (PAN) of shareholder.

A.2Tax shall be deducted from Dividend paid to resident shareholders (other than category prescribed under A.1 above) as per the details provided below:

| **S No.** | **Particular** | **TDS rate** | **Declaration / documents required** |
| --- | --- | --- | --- |
| 1 | Where valid Permanent Account Number (PAN) is updated with the Depository Participant *(in case shares are held in dematerialized form)* or with Company’s Registrar and Transfer Agent (“RTA”) *(in case shares are held in physical form)* and no exemption is sought by the resident shareholder | 10% | In absence of PAN, shareholder can quote their Aadhaar number |
| 2 | No PAN/ Invalid PAN/ Inoperative PAN\* and no exemption sought by shareholder | 20% | Not applicable  In case of a shareholder being resident individual eligible for obtaining Aadhaar Number have not linked the Aadhaar Number allotted with its PAN (as on the date of payment of such dividend), such PAN would be treated as inoperative for the provisions of deduction of TDS. |
| 3 | Availability of lower/nil tax deduction certificate issued by Income Tax Department under section 197 of the Act | Rate specified in Lower TDS certificate obtained from Income Tax Department. | * Copy of PAN card / * Copy of lower TDS certificate obtained from Income Tax Department   Note: The certificate should be valid for the financial year 2025-26 and should cover the dividend income from the Company. |

\* 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 PAN with Aadhaar. In case of failure to comply to this, the PAN allotted shall be deemed to be inoperative and he shall be liable for all the consequences under the Act and tax shall be deducted at higher rates as prescribed under the Act.

A.3 No tax shall be deducted on Dividend to resident shareholders if the shareholders submit documents mentioned in the below table with the RTA:

|  |  |  |
| --- | --- | --- |
| **S No.** | **Particular** | **Declaration / documents required** |
| 1 | An Individual furnishing Form No. 15G/ 15H | * Copy of PAN card *(refer point (iii) to the Notes below)*      * Declaration in Form No. 15G (applicable to an individual who is less than 60 years) / Form No. 15H (applicable to an Individual who is 60 years and above), fulfilling prescribed conditions. |
| 2 | Shareholders to whom section 194 of the Act does not apply such as LIC, GIC, Business Trust (REIT, InVIT) etc. | * Copy of PAN card * Self-declaration *(*Refer ***Annexure-1)***, along with adequate documentary evidence (e.g., registration certificate), to the effect that the no TDS is required as per provisions of section 194 of the Act. |
| 3 | Shareholder covered under section 196 of the Act such as Government, RBI, Mutual Funds specified under section 10(23D) of the Act, corporations established by Central Act and exempt from Income Tax. | * Copy of PAN card * Self-declaration *(*Refer ***Annexure-1),*** along with adequate documentary evidence, substantiating applicability of Section 196 of the Act. |
| 4 | Category I and II Alternative Investment Fund (AIF) | * Copy of PAN card * Self-declaration *(*Refer ***Annexure-1)*** that AIF’s income is exempt under section 10 (23FBA) of the Act and they are governed by SEBI regulations as applicable to Category I or Category II AIFs, along with copy of registration certificate. |
| 5 | Any other entity exempt from TDS under the provisions of section 197A of the Act (including those mentioned in Circular No. 18/2017 issued by CBDT) | * Copy of PAN card * Self-declaration by shareholders under section 197A of the Act (Refer ***Annexure-1***) for availing the NIL tax rate deduction on dividend payment under the Act * Self-declaration by individual Sikkimese resident shareholder covered under section 10(26AAA) of the Act (Refer ***Annexure-2***) for availing the NIL tax rate deduction on dividend payment      * Copy of the lower TDS certificate obtained from Income Tax Department *(except those covered by Circular 18/2017)* |

1. **NON-RESIDENT SHAREHOLDERS:**

As per Section 90 of the Act, the non-resident shareholders have the option to be governed by the provisions of the Double Taxation Avoidance Agreement (“Tax Treaty”) between India and the country of tax residence of the shareholder, if they are more beneficial to them. Please refer to the below table for the details of documents to avail Tax Treaty benefits:

| **S No.** | **Category** | **TDS rate** | **Declaration / documents required** |
| --- | --- | --- | --- |
| 1 | Non-resident Shareholders (including  Foreign Institutional Investors (FIIs) /  Foreign Portfolio Investors (FPIs) | 20% (plus applicable surcharge and cess) or tax treaty rate  whichever is beneficial | If the shareholder wants to avail the tax rates as per the Tax Treaty, following documents would be required:   * Self-attested copy of the Permanent Account Number (PAN) allotted by the Indian Income Tax authorities (if available) * Self-attested copy of Tax Residency Certificate (TRC) issued by the competent authority of the country of shareholder’s residency, evidencing and certifying the tax residency status of the shareholder in the country of residency during the Financial Year 2025-26 (covering the period from April 1, 2025 to March 31, 2026) * Self-declaration (Refer ***Annexure 3***) * Electronically generated Form No. 10F (downloaded from India income tax portal), if all the details required in this form are not mentioned in the TRC. * In case of FIIs and FPIs, self-attested copy of SEBI registration certificate * Self-declaration by the non-resident shareholder of having no permanent establishment / Fixed base or place of business / Business Connection / Place of Effective Management/beneficial ownership, in India in accordance with the applicable tax treaty [on shareholder’s letterhead] (pertaining to FY 2025-26) (Refer ***Annexure-4***) |
| 2 | Alternative Investment Fund – Category III located in International Financial Services Centre | 10% (plus applicable surcharge and cess)in case of a valid PAN | * Copy of PAN card (if available) * Self-declaration *(Refer* ***Annexure-5****)* along with adequate documentary evidence (e.g. registration certificate) substantiating the nature of the entity. |
| 3 | Non-Resident Shareholders who are tax residents of Notified Jurisdictional Area as defined under section 94A(1) of the Act | 30% (plus applicable surcharge and cess) | Not Applicable |
| 4 | Sovereign Wealth funds and Pension funds notified by Central Government under section 10(23FE) of the Act | NIL | * Copy of PAN Card * Copy of the notification issued by CBDT substantiating the applicability of section 10(23FE) of the Act issued by the Government of India. * Self-Declaration *(Refer* ***Annexure-6 & 7****)* that the conditions specified in section 10(23FE) of the Act have been complied with. |
| 5 | Subsidiary of Abu Dhabi Investment Authority (ADIA) as prescribed under section 10(23FE) of the Act | NIL | * Copy of PAN card * Self-Declaration *(Refer* ***Annexure-8****)* substantiating the fulfilment of conditions prescribed under section 10(23FE) of the Act |
| 6 | Availability of Lower/NIL tax deduction certificate issued by Income Tax Department under section 195 or 197 of the Act | Rate specified in Lower TDS certificate obtained from Income Tax Department | Copy of the lower TDS certificate obtained from Income Tax Department  Note: The certificate should be valid for the financial year 2025-26 and should cover the dividend income from the Company. |

Application of beneficial Tax Treaty Rate shall depend upon the completeness and satisfactory review by the Company / RTA, of the documents submitted by Non-Resident shareholders and meeting requirement of the Act read with applicable Tax Treaty. It must be ensured that self-declaration should be addressed to the Company and should be in the same format as attached.  In the absence of the same, the Company will not be obligated to apply the beneficial Tax Treaty rate at the time of tax deduction on dividends.

The Income Tax Department has also released a Compliance Check Functionality to determine whether the PAN in case of individual is operative/ inoperative and the Company would be relying on the report generated from the said facility for compliance with section 139AA read with section 206AA of the Act.

***Notes:***

Update your KYC data to receive all communications and dividend information - The shareholders are requested to update their KYC data viz., PAN Number, email id, address, mobile number and bank account details by submitting the relevant details with our Registrar & Share Transfer Agent (RTA), Bigshare Services Private Limited, whose e-mail address is <email id>. Shareholders holding shares in dematerialized mode are requested to update the same with their respective Depository Participant to ensure ease of communication and seamless remittances.

1. The Company will issue soft copy of the TDS certificate to its shareholders to email registered with the Depository Participant / RTA post payment of the dividend. Shareholders will be able to download the tax credit statement from the Income Tax Department’s website <https://www.incometax.gov.in/iec/foportal> (refer to Form No. 26AS).
2. The aforesaid documents and all the declarations such as Form No. 15G/ 15H, documents under section 196, 197A on the Act, FPI Registration Certificate, Tax Residency Certificate, Lower Tax certificate etc. can be provided to RTA on their email address at <email id> by ………………. Any communication in relation to tax rate determination/deduction/TDS matters received after ………………..shall not be considered. Further, the shareholders can download the format of Annexures on the website of the Company at <Website>.
3. After receipt of any of the above declarations, if the Company basis its independent assessment, finds any information that is contrary to the declarations received by it, the Company reserves right to rely on the results of its independent assessment and make a deduction of taxes at a higher rate as per applicable provisions of the Act.
4. Determination of TDS rate is subject to necessary verification by the Company of the shareholder details as available with the Depository Participant in case shares are held in dematerialized form; or RTA in case shares are held in physical form as on the Record Date, and other documents available with the Company / RTA. In this respect, the Company reserves the right to independently verify the PAN of the shareholder from the National Securities Depository Ltd. (‘NSDL’) utility and if the same is found contrary to the PAN quoted/ provided, the Company will disregard the PAN and proceed as per the prevalent law.
5. Shareholders holding shares under multiple accounts under different residential status / category and single PAN, may note that, higher of the tax rate as applicable to different residential status/ category will be considered for their entire shareholding under different accounts.
6. The documents furnished by the shareholders (such as Form No. 15G/15H, TRC, Form No. 10F, Self-Attested Declaration etc.) shall be subject to review and examination by the Company before granting any beneficial rate or NIL Rate. The Company reserves the right to reject the documents in case of any discrepancies or the documents are found to be incomplete.
7. In case TDS is deducted at a higher rate, an option is still available with the shareholder to file the return of income and claim an appropriate refund. No claim shall lie against Company for any taxes deducted by the Company.
8. 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, the shareholder will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any tax proceedings.
9. This Communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Shareholders should consult their tax advisors for requisite action to be taken by them.
10. In case of any discrepancy in documents submitted by the shareholder, the Company will deduct tax at higher rate, as applicable, without any further communication in this regard.
11. All communication/queries in respect of above should be addressed to our RTA, at its email address *<email id>*.
12. A declaration must be filed with the Company where the whole or any part of the dividend income is assessable, under the provisions of the Act, in the hands of a person other than the shareholder in accordance with Rule 37BA(2) of the Income-tax Rules, 1962. The declaration must consist of Name, address, PAN of the person to whom credit is to be given and proportion of credit to be given in respect of dividend income. The said declaration shall be provided to the Company on or before XXXX.

Thanks & Regards

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