

DATAMATICS

Datamatics Global Services Limited

Regd. Off: Knowledge Centre, Plot No. 58, Street No. 17, MIDC, Andheri (E), Mumbai 400 093.

Tel: +91-22-6102 0000/1/2 | Fax: +91-22-2834 3669 | CIN: L72200MH1987PLC045205

Website: www.datamatics.com | Email: investors@datamatics.com

Dear Shareholder(s),

Subject: Datamatics Global Services Limited - Communication in respect of Tax Deduction at Source on Final Dividend & Special Dividend

We are pleased to inform you that the Board of Directors of the Company, at the meeting held on April 28, 2023 has recommended a Final dividend of Rs. 3.75/- and a Special Dividend of Rs. 1.25/- per equity share, having a face value of Rs. 5/- each, for the financial year ended March 31, 2023.

The dividend, as recommended by the Board, if approved at the ensuing annual general meeting of the Company will be paid to the equity shareholders holding equity shares of the Company as at the record/book closure dates (to be announced in due course).

In terms of the provisions of the Income-tax Act, 1961, ("Act"), the dividend paid or distributed by a Company on or after 1st April, 2020 is taxable in the hands of shareholders. The Company will therefore deduct tax at source at the time of payment of dividend, at rates based on the category of shareholders and subject to fulfillment 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 the case of individuals, TDS would not apply if the aggregate of total dividends distributed to them by the Company during the financial year does not exceed Rs. 5,000 (Rupees Five Thousand only).

Tax at source will also not be deducted in cases where a shareholder provides Form No.15H (applicable to individuals above the age of 60 years) / Form No.15G (applicable to other individuals), provided that the eligibility conditions are met. Blank Form No.15G and Form No.15H can be downloaded from the link given at the end of this communication or from the website of the Company viz. <https://www.datamatics.com/about-us/investor-relations/financials>. 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 (refer format) that the provisions of Section 194 of the Act are not applicable along with self-attested copy of registration certificate and PAN card;
 - ii. **Mutual Funds:** Declaration (refer format) by the mutual fund eligible for exemption u/s 10(23D) of the Act along with self-attested copies of the registration documents and PAN card;
 - iii. **Alternative Investment Fund ("AIF") established in India:** Declaration (refer format) 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 (refer format) along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card;
 - v. **Other shareholders:** Declaration (refer format) 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 (refer format).
- **FOR NON-RESIDENT SHAREHOLDERS (including Foreign Institutional Investors and Foreign Portfolio Investors):**

Tax is required to be withheld in terms of the provisions of Sections 195 and 196D of the Act, at applicable rates in force. As per the relevant provisions of the Act, tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. However, in terms of Section 90 of the Act, non-resident shareholders have the option to be governed by the provisions of the Double Taxation Avoidance Agreement ("DTAA") between India and the country of tax residence of the shareholder, if the DTAA provisions are more beneficial. To avail the tax treaty benefits, 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;
3. Self-declaration in Form 10F (refer format), if all the details required in this form are not mentioned in the TRC;
4. Self-declaration (refer format) by the non-resident shareholder of meeting the treaty 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.

The formats and declarations can be downloaded from the link given at the end of this communication or from the Company's website viz. <https://www.datamatics.com/about-us/investor-relations/financials>.

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 tax treaty. It must be ensured that self-declaration should be addressed to Datamatics Global Services Limited and must be in same format as attached. 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.

• 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 (effective from 1st July, 2021) 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 provision 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 the permanent establishment is excluded from the scope of a 'specified person'. The Company will be using functionality of the Income-tax department to determine the applicability of Section 206AB of the Act (as per the Central Board of Direct Taxes Circular No. 11 of 2021 dated 21st June 2021).

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

1. 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.
2. 10% for other resident shareholders in case copy of PAN card is provided / available.
3. 20% for resident shareholders if copy of PAN card is not provided / not available.
4. Tax will be assessed on the basis of documents submitted by the non-resident shareholders.
5. 20% plus applicable surcharge and cess for non-resident shareholders in case the relevant documents are not submitted.

Lower/ NIL TDS on submission of self-attested copy of the valid certificate issued under Section 197 of the Act.

The above mentioned rates will be subject to applicability of Section 206AB of the Act.

Clearing member should ensure that as on record date no shares are lying in their account and shares are transferred to respective shareholder's account so that dividend is credited directly to shareholder's account and not to the clearing member's account. 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 such deductee should file declaration (refer format) with Company in the manner prescribed by the Rules.

The aforesaid documents, as applicable, may be sent to us on email at investors@datamatics.com on or before Friday, September 22, 2023 to enable us to determine the appropriate TDS/ withholding tax rate applicable. If any details/ documents for tax determination/ deduction are received post Friday, September 22, 2023, it shall not be considered for payment of dividend.

In the event the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents from you by September 22, 2023 or due to defect in any of the aforementioned details/documents, you may claim appropriate refund in the return of income filed by you with the Income Tax authorities. No claim shall lie against the Company for such taxes deducted.

Further, the Shareholders are also required to ensure that their Aadhaar number is linked to their PAN. As per the proviso to Sec. 139AA(2) of the Act, in case of failure to link Aadhaar number with PAN, the PAN shall be treated as invalid and Tax will be deducted at higher rate of 20% instead of 10%.

UPDATION OF BANK ACCOUNT DETAILS, PAN, EMAIL ADDRESS AND OTHER DETAILS:

Shareholders holding shares in dematerialized mode, are requested to update their records such as tax residential status, permanent account number (PAN), registered email addresses, mobile numbers 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 Share Transfer Agent (RTA) namely Datamatics Business Solutions Limited. The company is obligated to deduct tax at source (TDS) based on the records available with Depositories/RTA and **no request will be entertained for revision of TDS return.**

In order to facilitate receipt of dividend directly in your bank account, shareholders are requested to ensure that their bank account details in their respective demat accounts/ physical folios are updated, to enable the Company to make timely credit of dividends in their bank accounts.

We seek your co-operation in the matter.

Thanking you,

Yours faithfully,
For DATAMATICS GLOBAL SERVICES LIMITED

Sd/-
Divya Kumat
EVP, Chief Legal Officer and Company Secretary

[Click Here to download](#) - 15G
[Click Here to download](#) - 15H
[Click Here to download](#) - 10F
[Click Here to download](#) - Self declaration (Resident shareholder)
[Click Here to download](#) - Self declaration (Non-resident shareholder)
[Click Here to download](#) - Self Declaration for availment of Treaty Benefit
[Click Here to download](#) - Self Declaration under Rule 37BC
[Click Here to download](#) - Joint Shareholder's Declaration under Rule 37(BA)(2)

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, shareholders are advised to consult their tax consultant with respect to specific tax implications arising out of receipt of dividend.

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