



NRB BEARINGS LIMITED

CIN: L29130MH1965PLC013251

Regd. Office : Dhannur, 15, Sir P. M. Road, Fort, Mumbai 400 001

Tel : +91 22 22664160/4998, Fax : +91 22 22660412

Website : www.nrbbearings.com

Email : investorcare@nrbbearings.co.in

September 7, 2023

Dear Shareholder,

We are pleased to inform you that the Board of Directors at their meeting held on May 30, 2023, have recommended a dividend of ₹ 1.00/- (Rupee One only) per equity share of face value of ₹ 2.00/- each, i.e., 50% (Fifty per cent) for the Financial Year ended March 31, 2023 and the said Dividend will be payable post approval of the shareholders at the ensuing 58th Annual General Meeting (AGM) of the Company to be held on Friday, September 29, 2023.

Pursuant to the Income Tax Act, 1961 (Act), as amended by the Finance Act, 2020, dividends paid or distributed by a Company after April 1, 2020 shall be taxable in the hands of the shareholders. The Company shall therefore deduct tax at source at the time of making the payment of the Dividend, if declared at the AGM.

This communication provides a brief of the applicable Tax Deduction at Source (TDS) provisions under the Act for Resident and Non-Resident shareholder categories.

Please note that the Company will circulate copy of Notice of AGM along with Annual report as per time lines provided under the Companies Act, 2013 and the record date for determining the eligibility of shareholders to pay the Dividend if approved at the AGM will be Friday, September 22, 2023.

A. RESIDENT SHAREHOLDERS:

A.1 Tax deductible at source for Resident Shareholders (other than resident individual shareholders receiving dividend not exceeding ₹5,000/- during FY 2023 - 24)

Sl. No.	Particular	TDS rate	Declaration / documents required
1	Valid PAN updated with the Depository Participant in case shares are held in dematerialized form; or Registrar and Transfer Agent ('RTA') in case shares are held in physical form and no exemption sought by Shareholder.	10%	N.A.
2	No / Invalid PAN with the Depository Participant in case shares are held in dematerialized form; or RTA in case shares are held in physical form and no exemption sought by Shareholder.	20%	N.A.



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3	Availability of lower/nil tax deduction certificate issued by Income Tax Department u/s 197 of the Act	Rate specified in Lower TDS certificate obtained from Income Tax Department.	<ul style="list-style-type: none"> • Copy of PAN card / Copy of lower TDS certificate obtained from Income Tax Department
4	Benefit under Rule 37BA	In case where shares are held by intermediaries /Custodian and TDS is to be applied by the Company in the PAN of the beneficial shareholders, then intermediaries and beneficial shareholders will have to provide a declaration.	<ul style="list-style-type: none"> • Copy of PAN card • Declaration u/s 199 of the Income Tax Act, 1961 r. w. Rule 37BA of the Income Tax Rules, 1962 <i>(Please download Annexure-10, from the website of the Company)</i> along with adequate documentary evidence, substantiating the nature of the entity • Copy of the lower TDS certificate obtained from Income Tax Department <i>(except those covered by Circular 18/2017)</i>

A.2 Nil Tax Deductible at Source on dividend payment to Resident Shareholders, if the Shareholders submit documents mentioned in table below with the Company/ RTA

Sl. No.	Particular	Declaration / documents required
1	An Individual furnishing Form 15G/ 15H	<ul style="list-style-type: none"> • Copy of PAN card <i>(refer point (iii) to the Notes below)</i> • Declaration in Form No. 15G (applicable to an individual who is less than 60 years) / Form 15H (applicable to an Individual who is 60 years and above), fulfilling prescribed conditions. <i>(Please download the Forms from the website of the Company)</i>
2	Shareholders to whom section 194 of the Act does not apply such as LIC, GIC, Business Trust (REIT, InVIT) etc.	<ul style="list-style-type: none"> • Copy of PAN card • Self-declaration <i>(Please download Annexure-1 from the website of the Company)</i>, 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.



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3	Shareholder covered u/s 196 of the Act such as Government, RBI, Mutual Funds specified u/s 10(23D), corporations established by Central Act and exempt from Income Tax.	<ul style="list-style-type: none"> • Copy of PAN card • Self-declaration (<i>Please download Annexure-1 from the website of the Company</i>), along with adequate documentary evidence, substantiating applicability of Section 196 of the Act.
4	Category I and II Alternative Investment Fund (AIF)	<ul style="list-style-type: none"> • Copy of PAN card • Self-declaration (<i>Please download Annexure-1 from the website of the Company</i>) 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)	<ul style="list-style-type: none"> • Copy of PAN card • Self-declaration (<i>Please download Annexure-1 & 2, from the website of the Company</i>) along with adequate documentary evidence, substantiating the nature of the entity • Copy of the lower TDS certificate obtained from Income Tax Department (<i>except those covered by Circular 18/2017</i>)

No tax will be deducted on payment of dividend to the resident individual shareholder if the total dividend, paid during FY 2023-24, does not exceed ₹5,000/-

B. NON-RESIDENT SHAREHOLDERS:

Tax deductible at source for non-resident shareholders.

S No.	Category	TDS rate	Declaration / documents required
1	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess) or tax treaty rate whichever is beneficial	<ul style="list-style-type: none"> • Copy of PAN card (if available) • Self-declaration (<i>Please download the Annexure-3, from the website of the Company</i>). • Copy of Tax Residency certificate issued by revenue authority of country of residence of shareholder for the financial year 2023-24 (covering the period from April 1, 2023 to March 31, 2024)



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			<ul style="list-style-type: none"> • Self-Declaration in Form 10F (<i>Please download Annexure-5, from the website of the Company</i>). Further in case where shareholder has obtained PAN in India, the shareholder has to furnish electronic Form 10F (which can be generated via e-filing portal of income tax). <p>(<i>Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness and satisfactory review by the Company of the documents submitted by the non-resident shareholders. In case the documents are found to be incomplete, the Company reserves the right to not consider the tax rate prescribed under the tax treaty</i>).</p>
2	Alternative Investment Fund – Category III located in International Financial Services Centre	10% applicable surcharge and cess)#	<ul style="list-style-type: none"> • Copy of PAN card (if available) • Self-declaration (<i>Please download Annexure-4, from the website of the Company</i>) along with adequate documentary evidence substantiating the nature of the entity
3	Other Non-resident shareholders (except those who are tax residents of Notified Jurisdictional Area)	20% applicable surcharge and cess) or tax treaty rate whichever is beneficial	<p>To avail beneficial rate of tax treaty following tax documents would be required:</p> <ol style="list-style-type: none"> 1. Copy of PAN card (if available) 2. Copy of Tax Residency certificate issued by revenue authority of country of residence of shareholder for the FY 2023-24 (covering the period from April 1, 2023 to March 31, 2024) 3. Self-Declaration in Form 10F (<i>Please download Annexure-5, from the website of the Company</i>). Further in case where shareholder has obtained PAN in India, the shareholder has to furnish electronic Form 10F (which can be generated via e-filing portal of income tax). 4. Self-declaration for non-existence of permanent establishment / fixed base / business connection in India, place of effective management, beneficial ownership and eligibility to avail tax treaty benefit [on shareholder’s letterhead] (<i>Please download Annexure-6, from the website of the Company</i>)



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			<i>(Note: Application of beneficial Tax Treaty Rate shall depend upon the completeness and satisfactory review by the Company of the documents submitted by the non-resident shareholders. In case the documents are found to be incomplete, the Company reserves the right to not consider the tax rate prescribed under the tax treaty).</i>
4	Non-Resident Shareholders who are tax residents of Notified Jurisdictional Area as defined u/s 94A(1) of the Act	30%	NA
5	Sovereign Wealth funds and Pension funds notified by Central Government u/s 10(23FE) of the Act	NIL	<ul style="list-style-type: none"> • 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 <i>(Please download the Annexure-7 & 8, from the website of the Company)</i> that the conditions specified in section 10(23FE) have been complied with.
6	Subsidiary of Abu Dhabi Investment Authority (ADIA) as prescribed under section 10(23FE) of the Act	NIL	Self-Declaration <i>(Please download Annexure-9 from the website of the Company)</i> substantiating the fulfilment of conditions prescribed under section 10(23FE) of the Act.
7	Availability of Lower/NIL tax deduction certificate issued by Income Tax Department u/s 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
8	Benefit under Rule 37BA	In case where shares are held by intermediaries	<ul style="list-style-type: none"> • Copy of PAN card



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		/Custodian and TDS is to be applied by the Company in the PAN of the beneficial shareholders, then intermediaries and beneficial shareholders will have to provide a declaration.	<ul style="list-style-type: none">• Declaration u/s 199 of the Income Tax Act, 1961 r. w. Rule 37BA of the Income Tax Rules, 1962 (<i>Please download Annexure-10, from the website of the Company</i>) along with adequate documentary evidence, substantiating the nature of the entity• Copy of the lower TDS certificate obtained from Income Tax Department (<i>except those covered by Circular 18/2017</i>)
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#In case PAN is not updated with the Company's RTA or depository; or PAN is not available; and information sought in the declaration are not provided, higher rate of TDS as per section 206AA shall be applied. If the PAN is not as per the database of the Income-tax Portal, it would be considered as invalid PAN. Further, if the PAN has become inoperative as per the said database due to non-linking of Aadhaar, TDS would be deductible at higher rate of 20% as per section 206AA.

Notes:

- i. 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 the Company at investorcare@nrbbearings.co.in. 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.
- ii. The Company will issue soft copy of the TDS certificate to its shareholders to email registered with the Depository Participant / Registrar and Share Transfer Agent (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 26AS).
- iii. The aforesaid documents and all the declarations such as Form 15G/ 15H, documents under section 196, 197A, FPI Registration Certificate, Tax Residency Certificate, Lower Tax certificate etc. can be shared by email at investorcare@nrbbearings.co.in by Friday, September 22, 2023. Any communication in relation to tax rate determination/deduction/TDS matters received after Friday, September 22, 2023, shall not be considered. Further, the shareholders can download the format of Annexures on the website of the Company at www.nrbbearings.com.
- iv. The Finance Act, 2021, has inter-alia inserted the provisions of Section 206AB of the Act with effect from July 1, 2021. The provisions of Section 206AB of the Act require the deductor to deduct tax at higher of the following rates from amount paid/ credited to 'specified person':



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- a. At twice the rate specified in the relevant provision of the Act; or
- b. At twice the rates or rates in force; or
- c. At the rate of 5%

The 'specified person' means a person who has:

- i. 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
- ii. 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 the Permanent Establishment (PE) in India is excluded from the scope of a specified person.

- v. The Finance Act 2023 has mandated that the new regime shall be the default regime for the taxpayers from FY 2023-24. Under the new regime, the thresholds limit is ₹3,00,000 and the rebate is allowed upto income of ₹7,00,000. In light of this, as a deductor, since government has mandated new regime as default, the company may want to extend benefit of NIL rate where shareholders provide form 15G / 15H with estimated income of ₹3,00,000 and ₹7,00,000 respectively as against ₹2,50,000 and ₹5,00,000 until last year.
- vi. As per the recent circular, electronic Form 10F is mandatorily required where the non-resident shareholder has a PAN in India. In this regard, the company wishes to explicitly mention that benefit of DTAA shall be denied where electronic 10F is not provided where the non-resident shareholder has a valid PAN in India.
- vii. All the above referred rates will be enhanced by surcharge and cess, wherever applicable.
- viii. After receipt of any of the above declarations, on the basis of its independent assessment, if the Company 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.
- ix. Determination of TDS rate is subject to necessary verification by the Company of the shareholder details as available with the Depository Participants 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 number of the shareholder from the Depository Participants 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.
- x. 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



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residential status/ category will be considered for their entire shareholding under different accounts.

- xi. The documents furnished by the shareholders 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.
- xii. 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.
- xiii. 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.
- xiv. 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.
- xv. 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.
- xvi. 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.

Thanking you,

Sincerely,
For NRB Bearings Limited

Shruti Joshi
Company Secretary