

Date: 15th May 2025

THIS COMMUNICATION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Dear Shareholders,

We are pleased to inform you that the Board of Directors of the Company, at its meeting held on **28th April 2025**, recommended a dividend of Rs. 2/- per Equity Share of Rs. 2/- each (i.e., 100%), to the members registered on the record date i.e., **30th May 2025**, for the dividend payment, for the Financial Year ended 31st March 2025.

As you are aware, as per the provisions of the Income-tax Act, 1961 (the Act), as amended by the Finance Act, 2020, dividends 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 at the time of making the payment of the dividend, if approved, at the ensuing Annual General Meeting (AGM) of the Company.

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

I. For Resident Shareholders

Tax is required to be deducted at source under Section 194 of the Act, at the rate of 10% on the amount of dividend where shareholders have registered their valid Permanent Account Number (PAN). In case, shareholders do not have PAN/invalid PAN/PAN not linked with Aadhaar/not registered their valid PAN details in their account or classified as specified person in the income-tax portal, TDS at the rate of 20% shall be deducted under Section 206AA of the Act.

a) Resident Individuals

No tax shall be deducted on the dividend payable to resident individuals if:

- i. Total dividend amount to be received by them during the Financial Year (FY) 2025-26 does not exceed Rs. 10,000; or
- ii. The shareholder provides Form 15G (applicable to individual) / Form 15H (applicable to an individual above the age of 60 years), provided that all the required eligibility conditions are met. Please note that all fields are mandatory to be filled up and the Company may at its sole discretion reject the form, if it does not fulfil the prescribed requirement under the Act.

Form 15G/H needs to be furnished only if dividend amount exceeds Rs. 10,000. Considering that the Company has declared dividend of Rs. 2/- per share, need for submitting Form 15G/H will arise only if your shareholding exceeds 5,000 shares.

- iii. Exemption certificate is issued by the Income-tax Department, if any.

b) Resident Non-Individuals

No tax shall be deducted on the dividend payable to the following resident non-individuals where they provide details and documents.

- i. **Insurance Companies:** Self declaration that it qualifies as 'Insurer' as per section 2(7A) of the Insurance Act, 1938 and has full beneficial interest with respect to the equity shares owned by it along with self-attested copy of PAN card and certificate of registration with Insurance Regulatory and Development Authority (IRDA)/LIC/GIC.
 - ii. **Mutual Funds:** Self-declaration that it is registered with SEBI and is notified under Section 10 (23D) of the Act along with self-attested copy of PAN card and certificate of registration with SEBI.
 - iii. **Alternative Investment Fund (AIF):** Self-declaration that its income is exempt under Section 10 (23FBA) of the Act, and they are registered with SEBI as Category I or Category II AIF along with self-attested copy of the PAN card and certificate of AIF registration with SEBI.
 - iv. **New Pension System (NPS) Trust:** Self-declaration that it qualifies as NPS trust and income is eligible for exemption under Section 10(44) of the Act and being regulated by the provisions of the Indian Trusts Act, 1882 along with self-attested copy of the PAN card.
 - v. **Other Non-Individual shareholders:** Self-attested copy of documentary evidence supporting the exemption along with self-attested copy of PAN card.
- c) In case shareholders (both individuals or non-individuals) provide certificate under Section 197 of the IT Act, for lower / NIL withholding of taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy to the Company.

II. For Non-resident Shareholders

a) As per Domestic Tax Law

Taxes are required to be withheld in accordance with the provisions of Section 195 of the Act as per the rates as applicable. As per the relevant provisions of the Act, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to them. In case, non-resident shareholders provide a certificate issued under Section 197/195 of the Act, for lower/ Nil withholding of taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the same.

b) As per Double Tax Avoidance Agreement (DTAA)

As per Section 90 of the Act, the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Treaty (DTAA) between India and the country of tax residence of the shareholder if they are more beneficial to them. For this purpose, i.e., to avail DTAA benefit, the non-resident shareholders are required to submit the following:

- i. Self-attested copy of the PAN card allotted by the Indian Income Tax authorities.
- ii. Self-attested copy of Tax Residency Certificate (TRC) (financial year April 1, 2025 to March 31, 2026) obtained from the tax authorities of the country of which the shareholder is a resident.
- iii. Shareholders who have PAN and propose to claim treaty benefit need to mandatorily file the Form 10F online at the link <https://eportal.incometax.gov.in/> with effect from April 1, 2023 to avail the benefit of DTAA.
- iv. Self-declaration by shareholder of meeting treaty eligibility requirement and satisfying beneficial ownership requirement (financial year April 1, 2025 to March 31, 2026).
- v. In case of Foreign Institutional Investors and Foreign Portfolio Investors, copy of SEBI registration certificate.
- vi. In case of shareholder being tax resident of Singapore, please furnish the letter issued by the competent authority or any other evidence demonstrating the non-applicability of Article 24 - Limitation of Relief under India-Singapore Double Taxation Avoidance Agreement (DTAA).

It is recommended that shareholders should independently satisfy their eligibility to claim DTAA benefit including meeting of all conditions laid down by DTAA.

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 rate as per DTAA for the purpose of withholding taxes shall depend upon completeness and satisfactory review by the Company of the documents submitted by the non-resident shareholder.

c) **Global Depositary Receipt ('GDR') Holders**

In case of GDR holders, taxes shall be withheld at 10% plus applicable surcharge and cess in accordance with provisions of Section 196C of the Act, only if they provide a self-attested copy of the PAN Card. In case, no PAN details are made available, tax will be deducted at 20% plus applicable surcharge and cess.

Accordingly, to enable us to determine the appropriate withholding tax rate applicable, we request you to provide these details and documents as mentioned, above, **on or before cutoff date i.e., 30th May 2025**. Any documents submitted after cut-off period will be accepted at sole discretion of the Company.

PAYMENT OF DIVIDEND

The dividend on Equity Shares for FY 2024-25, once approved by the shareholders of the Company at the AGM scheduled on **06th June 2025**, will be paid after deducting the tax at source as under. The following provisions under the Act will also be considered to determine the applicable TDS rate:

A. TDS to be deducted at higher rate in case of non-filers of Return of Income

The provisions of Section 206AB require the deductor to deduct tax at higher of the following rates from amount paid/credited to specified person:

- i. At twice the rate specified in the relevant provision of the Act; or
- ii. At twice the rates or rates in force; or
- iii. At the rate of 5%

The non-resident who does not have the permanent establishment and resident who is not required to file a return under section 139 of the Act are excluded from the scope of a specified person.

However, as directed by the Central Board of Direct Taxes vide Circular No. 11 of 2021 dated June 21, 2021, the Company will be using functionality of the Income-tax department for determination of specified person for the purpose of Section 206AB of the Act.

B. TDS to be deducted at higher rate in case of non-linkage of PAN with Aadhaar

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 the PAN with Aadhaar. In case of failure to comply with this, the PAN allotted shall be deemed to be invalid/inoperative and tax shall be deducted at the rate of 20% as per the provisions of Section 206AA of the Act. The Company will be using functionality of the Income-tax department for the above purpose. Provisions will be effective from July 1, 2023. Shareholders may visit <https://www.incometax.gov.in/iec/foportal/> for FAQ issued by Government on PAN Aadhaar linking.

C. Declaration under Rule 37BA

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 file declaration with Company in the manner prescribed in the Rules.

D. For shareholders having multiple accounts under different status / category:

Shareholders holding Equity 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.

SUBMISSION OF TAX RELATED DOCUMENTS:

The documents such as Form 15G/ 15H, documents under Sections 196, 197A, etc. can be send to company mail id: shares@vimta.com on or before **06th June 2025** to enable the Company to determine the appropriate TDS / withholding tax rate applicable.

Documents sent to any other email IDs may lead to non-submission of documents and attract TDS as per the provisions of the Act.

It may be further noted that in case the tax on said dividend is deducted at a higher rate in the absence of receipt of the aforementioned details/documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible.

The tax credit can also be viewed in Form 26AS by logging in with your credentials (with valid PAN) at TRACES <https://www.tdscpc.gov.in/app/login.xhtml> or the e-filing website of the Income Tax department of India <https://www.incometax.gov.in/iec/foportal/>

UPDATION OF BANK ACCOUNT DETAILS:

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 dividend in their bank accounts. We seek your cooperation in this regard.

Thanking you.

For VIMTA LABS LIMITED

Sd/

Sujani Vasireddi

Company Secretary

***Disclaimer:** This communication shall not be treated as an advice from the Company or its affiliates or its Registrar & Transfer Agent.*