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Sub: J. B. Chemicals & Pharmaceuticals Ltd. – Final Dividend of FY 2023-24 Communication on Tax Deduction at source (TDS)/ withholding tax on Dividend

This communication is important and requires your immediate attention.

Dear Shareholder,

We hope that this letter finds you in good health.

We are pleased to inform you that the Board of Directors of the Company, at its meeting held on May 17, 2024 has recommended final dividend of ₹ 6.75/- per equity share of ₹ 1/- each for the Financial Year 2023-2024, which shall be remitted/DD in respect thereof will be despatched, on or after September 2, 2024, subject to approval of the shareholders of the Company at the Annual General Meeting to be held on August 21, 2024.

As you may be aware, pursuant to the changes introduced by the Finance Act 2020, with effect from April 1, 2020, dividend income will be taxable in the hands of shareholders and the Company would be liable to withhold tax at the prescribed rates on the dividend paid to its shareholders. The withholding tax rate would vary depending on the residential status of the shareholder and the documents submitted and accepted by the Company. Accordingly, the final dividend will be paid after deducting tax at source as under:

For Resident Shareholders:

Particulars	Applicable Rate	Documents required (if any)
With PAN	10% ¹	Update PAN with the Company / Registrar and Transfer Agents (in case of shares held in physical mode) and Depository (in case of shares held in demat mode). No deduction of taxes in the following case –

¹ No TDS would be applied to resident individual shareholder, if total dividend paid in FY 2024-25 does not exceed INR 5,000.

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		If the shareholder is exempted from TDS provisions through any circular or notification and provides an attested copy of the PAN along with the documentary evidence in relation to the same.
Other resident shareholders without registration of PAN or having Invalid, Inoperative ² or Incorrect PAN or a person who is considered as specified person u/s 206AB of the Income Tax Act, 1961	20% ¹	-
Submitting Form 15G/ Form 15H	NIL	Duly filled and signed declaration in Form No. 15G (applicable to an individual) / 15H (applicable to an individual who is of the age of 60 years or above), along with self-attested copy of their PAN, in case, shareholder is eligible for the same. Blank Form 15G/ 15H can be downloaded from the Company's website www.jbpharma.com Please note that all fields of Form 15G/15H are required to be filled mandatorily. Incomplete forms would be liable to be rejected by the Company.
Mutual Funds	NIL	Documentary evidence to prove that the mutual fund is specified under section 10(23D) of the Income Tax Act, 1961 along-with self-attested copy of the registration certificate and PAN

² From 1st July 2023, the PAN of a person will become inoperative in case the same is not linked to his / her Aadhaar card as per section 139AA of the Income Tax Act.

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Insurance companies	NIL	Documentary evidence to prove that the insurance company is specified under section 2(7A) of the Insurance Act, 1938 along-with self-attested copy of the registration certificate and PAN.
Domestic Alternative Investment Fund (AIF)	NIL	Documentary evidence to prove that the AIF is a fund eligible for exemption under section 10(23FBA) of the Income Tax Act, 1961 and is registered as Category I or Category II AIF under SEBI regulations, along-with self-attested copy of registration certificate and PAN.
Submitting Order u/s 197 of the Income Tax Act, 1961	Rate provided in order	Lower/NIL withholding tax certificate obtained from tax authority.
Recognized Provident funds/ Approved Superannuation fund/ Approved Gratuity Fund	NIL	Documentary evidence that the person is covered by Circular No. 18/2017 dated May 29, 2017
New Pension System Trust	NIL	Documentary evidence that the person is covered under 197A(1E) of the Income Tax Act, 1961
Shareholder to whom Section 194 of the Income Tax Act, 1961 is not applicable	NIL	Documentary evidence that the said provisions are not applicable
Person Covered u/s 196 of the Income Tax Act, 1961	NIL	Documentary evidence that person is covered under section 196 of the Income Tax Act, 1961.

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For Non-Resident Shareholders:

Particulars	Applicable Rate	Documents required (if any)
Non-resident shareholders (including FII/FPI)	20% (plus applicable surcharge and cess) or Tax Treaty Rate ³ (Whichever is lower)	In order to apply the beneficial Tax Treaty rate, following documents would be required: 1) Copy of Indian Tax Identification number (PAN), if available 2) Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is resident 3) Duly filled and signed Form 10F as required under the provisions of income-tax act. ⁴ 4) Self-Declaration from Non-resident, covering following: - Non-resident is and will continue to remain a tax resident of the country of its residence during the Financial Year 2024-25. - Non-resident is eligible to claim the benefit of respective tax treaty - Non-resident receiving the dividend income is beneficial owner of such income

³ The Company is not obligated to apply the beneficial Tax Treaty rates at the time of tax deduction/withholding on dividend amounts. Application of beneficial Tax Treaty Rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by Non-Resident shareholder.

⁴ Furnishing Form 10F on the Indian Income Tax Portal is mandated by Notification No. 03/2022, dated 16-07-2022. Shareholders shall need to login into the Income Tax Portal and file Form 10F online and share the final copy with the Company.

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		- Dividend income is not attributable /effectively connected to any Permanent Establishment (PE) or Fixed Base in India.
Submitting Order u/s 197 of the Income Tax Act, 1961	Rate provided in order	Lower/NIL withholding tax certificate obtained from tax authority.

TDS rate in case of taxpayers who have not filed income tax returns:

The Finance Act, 2021 has inserted the provisions of Section 206AB of the Income Tax Act, 1961 with effect from July 1, 2021, pursuant to which the company would be liable to deduct tax at higher of the below rates on the dividend paid to 'specified persons':

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

'Specified Person' as defined under section 206AB means a person:

- a. Who has not filed income tax return for the previous year immediately prior to the financial year in which tax is required to be deducted, for which time limit for filing of return of income under section 139(1) has expired; and
- b. The aggregate of TDS or TCS in whose case is Rs. 50,000/- or more in the said previous year.

Non-resident shareholders who do not have permanent establishment in India are excluded from the scope of a 'Specified Person'.

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

The Income Tax Department has issued a compliance check utility to check whether a person is covered under the 'specified person' as defined under Section 206AB of the Act.

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Accordingly, for determining the rate of tax to be deducted from Dividend, the Company will be using said utility to determine the applicability of Section 206AB of the Income Tax Act.

Kindly note that if any Non-Resident is a 'specified person' under the above-mentioned provisions (i.e. they have not filed tax returns for past year within due date and their aggregate of TDS or TCS exceeds INR 50,000 for the said year), a No PE Declaration should be submitted to the Company by August 14, 2024. In the event such declaration is not submitted, the Company shall apply withholding tax as per provisions of section 206AB of the Income Tax Act, 1961 at a higher rate of 40% (plus applicable surcharge and cess).

Multiple accounts under different status/category:

Shareholders holding shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax rate as applicable to the status in which the shares are held under a single PAN will be considered on the entire holding under multiple accounts.

Joint holding:

In case of joint shareholders, the shareholder named first in the Register of Members is required to furnish the requisite documents for claiming any applicable beneficial tax rate.

Updation of PAN, Contact information and Bank Account details:

Shareholders holding shares in physical form are requested to note that SEBI, vide its circular dated November 03, 2021 (subsequently amended by circulars dated December 14, 2021, March 16, 2023 and November 17, 2023) mandated that the security holders, holding securities in physical form, whose folio(s) do not have PAN, Choice of Nomination, Contact Details, Mobile Number, Bank Account Details, Specimen Signature updated, shall be eligible for any payment including dividend, interest or redemption in respect of such folios, only through electronic mode with effect from April 01, 2024, upon their furnishing all the aforesaid details in entirety to Registrar and Transfer Agent.

Further, shareholders holding shares in dematerialised mode are requested to update the above details through their depository participants.

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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. **Such declarations should be submitted to the Company before the payment of dividend by the Company.** The draft format is available on the Company's website www.jbpharma.com.

The aforesaid documents, as applicable, may be sent to the Company at its Registered office address at 'The Company Secretary, J. B. Chemicals & Pharmaceuticals Limited, Neelam Centre, B Wing, 4th floor, Hind Cycle Road, Worli, Mumbai – 400 030' or emailed at investorelations@jbpharma.com **on or before August 14, 2024** to enable us to determine the appropriate TDS / withholding tax rate applicable. If any details/documents for tax determination/deduction are received post August 14, 2024, it shall not be considered for payment of final dividend.

In the event the tax on said final dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents by August 14, 2024, you may claim appropriate refund in the return of income to be filed by you with the Income Tax authorities.

No claim shall lie against the Company for such taxes deducted.

We shall arrange to send a soft copy of TDS certificate to you on your registered email ID in due course, post payment of the said final dividend. You would be able to see the credit of TDS in Form 26AS, which can be downloaded from e-filing account at www.incometax.gov.in.

Yours faithfully,

For J. B. Chemicals & Pharmaceuticals Ltd.

Sandeep Phadnis
Company Secretary

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