



H. G. Infra Engineering Limited

CIN: L45201RJ2003PLC018049

Registered office: 14, Panchwati Colony, Ratanada, Jodhpur-342001, Rajasthan

Tel: 0291-2515327

Corporate Office: III Floor, Sheel Mohar Plaza, A-1, Tilak Marg, C- Scheme, Jaipur 302001 (Rajasthan), Tel.: 0141 4106040-41; Fax: 0141 4106044

Email: cs@hginfra.com; **Website:** www.hginfra.com

COMMUNICATION ON DEDUCTION OF TAX AT SOURCE ON DIVIDEND

Dear Shareholder,

The Board of Directors of the **H.G. Infra Engineering Limited** (hereinafter referred to as '**HGIEL**' or '**the Company**'), at its Meeting held on May 12, 2021, have recommended a Final Dividend of ₹ 0.80 per Equity Share having face value of ₹ 10 each for the Financial Year ('**FY**') ended March 31, 2021 subject to the approval of the shareholders. The dividend, if approved by the shareholders in the ensuing 19th Annual General Meeting ('**AGM**') of the Company, will be paid / dispatched on or before Tuesday, October 05, 2021 in compliance with the Companies Act, 2013.

In accordance with the provisions of the Income Tax Act, 1961 ('**the Act**') as amended by Finance Act 2020, with effect from April 1, 2020, the dividend declared and paid by the Company is taxable in the hands of shareholders. The Company shall, therefore, be required to deduct Tax at Source ('**TDS**') at the applicable rates on the dividend paid to its shareholders. The TDS rate would vary depending on the residential status of the shareholder and the documents submitted and duly accepted by the Company.

The documents as applicable to each category of shareholder (mentioned below) have to be uploaded on the portal of Link Intime India Pvt. Ltd., Registrar and Share Transfer Agent of the Company ('**RTA**') at <https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html> on or before **Monday, September 06, 2021**.

Please note that the Company will not accept any declaration/document on any email address. Kindly use the RTA portal link as provided above to upload declaration/documents.

Any communication in relation to tax rate determination/ deduction received post Monday, September 06, 2021 shall not be considered.

We have furnished below applicable TDS rate for dividend in respect of each category of shareholders and documentation to be furnished, wherever applicable.

Resident Shareholder:

S. No.	Particulars	Applicable Rate	Applicability and documents required (if any)
1	Valid Permanent Account Number ('PAN')	10%	Please note that tax would not be deducted on payment of dividend to RESIDENT INDIVIDUAL SHAREHOLDER, if total dividend to be paid in FY 2021-22 does not exceed ₹5,000.
2	No/ Invalid PAN	20%	Shareholders to update the PAN, if not already done, with the depositories (in case of shares held in Demat mode) and with the Company's Registrar and Transfer Agents – Link Intime India Pvt. Ltd. (in case of shares held in physical mode). Shareholders can visit the website https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html and register their Pan Number / Email ID / Mobile Number on or before Monday, September 06, 2021 so that TDS will be deducted at 10% (where applicable).
3	Submission of Form 15G/ Form 15H by resident individual shareholder	NIL	Shareholders to submit a declaration at https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html in Form No. 15G (applicable to an individual who is less than 60 years old) / Form 15H (applicable to an Individual who is 60 years and older). Refer Annexure A for format of Form 15G and Annexure B for format of Form 15H.
4	Availability of lower/ NIL deduction certificate issued under Section 197 of the Act	Rate specified in the lower tax deduction certificate	Shareholder to submit valid lower/ NIL withholding tax certificate obtained from tax authority.
5	Mutual Funds specified under section 10(23D) of the Act	NIL	<ul style="list-style-type: none"> Self-attested copy of PAN; A self- declaration in the format as prescribed in Annexure C; and Registration/ exemption certificate substantiating applicability of section 196/ 10(23D) of the Act.
6	Persons Covered under Section 196 of the Act (e.g. Govt., RBI, Corporations established by Central Act and exempt from income tax)	NIL	<ul style="list-style-type: none"> Self-attested copy of PAN, wherever applicable; A self- declaration in the format as prescribed in Annexure C; and Registration/ exemption certificate substantiating applicability of section 196 of the Act.
7	Shareholders to whom section 194 of the Act does not apply such as LIC, GIC, etc.	NIL	<ul style="list-style-type: none"> Self-attested copy of PAN; A self- declaration in the format as prescribed in Annexure C

S. No.	Particulars	Applicable Rate	Applicability and documents required (if any)
			<ul style="list-style-type: none"> Registration/ exemption certificate substantiating applicability of section 194 of the Act.
8	Alternative Investment Fund ('AIF')	NIL	<p>This will be applicable for Category I and II AIF registered with SEBI.</p> <p>Documents required:</p> <ul style="list-style-type: none"> Self-attested copy of PAN; A self- declaration in the format as prescribed in Annexure C Copy of registration certificate
		10%	This rate will be applicable for Category III AIF.
9	Any other entity exempt from withholding tax under the provisions of section 197A of the Act (including those mentioned in Circular No. 18/2017 issued by CBDT)	NIL	<ul style="list-style-type: none"> A self- declaration in the format as prescribed in Annexure C (except for individual Sikkimese resident) Submit declaration in Annexure D in case of individual Sikkimese resident Adequate documentary evidence, substantiating the type of the entity.

Non-Resident Shareholder:

S. No.	Particulars	Applicable Rate	Documents required (if any)
1	Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)	20% (plus applicable surcharge and cess) OR Tax Treaty Rate** (whichever is lower)	<ul style="list-style-type: none"> A self- declaration in the format as prescribed in Annexure E <p>Shareholders may also apply for a lower TDS rate as per the relevant Double Taxation Avoidance Agreements ('DTAA'), if the following documents are submitted:</p> <ul style="list-style-type: none"> Copy of Indian Tax Identification number ('PAN'). In case PAN not available, details specified in Annexure F to be provided; Tax Residency Certificate (TRC)^ obtained from the tax authorities of the country of which the shareholder is a resident, valid for Financial Year ('FY') 2021-22 (covering the period from 01 April 2021 to 31 March 2022); Form 10F duly filled and signed as specified in Annexure G. For easy reference, we have also provided specimen copy of Form 10F as specified in Annexure H;

S. No.	Particulars	Applicable Rate	Documents required (if any)
			<ul style="list-style-type: none"> Self-declaration for FY 2021-22 (covering the period from 01 April 2021 to 31 March 2022) in the format as specified in Annexure I on shareholder's letterhead, primarily (not exclusive list) covering the following: <ul style="list-style-type: none"> (a) Non-resident is eligible to claim the benefit of respective tax treaty (b) Non-resident receiving the dividend income is the beneficial owner of such income (c) Dividend income is not attributable/effectively connected to any Permanent Establishment (PE) or Fixed Base in India.
2	Sovereign Wealth funds and Pension funds notified by Central Government u/s 10(23FE) of the Act	NIL	<ul style="list-style-type: none"> Document evidencing the applicability of section 10(23FE) of the Act Self-declaration in the format as prescribed in Annexure J that the conditions specified in section 10(23FE) have been complied with
3	Subsidiary of Abu Dhabi Investment Authority (ADIA) as prescribed u/s 10(23FE) of the Act	NIL	<ul style="list-style-type: none"> Self-declaration in the format as prescribed in Annexure J that the conditions specified in section 10(23FE) have been complied with
4	Other Non-resident shareholders	20% (plus applicable surcharge and cess) OR Tax Treaty Rate** (whichever is lower)	<p>In order to apply the Tax Treaty rate, following documents would be required:</p> <ul style="list-style-type: none"> Copy of Indian Tax Identification number ('PAN'). In case PAN not available, details specified in Annexure F to be provided; Tax Residency Certificate (TRC)^ obtained from the tax authorities of the country of which the shareholder is a resident, valid for Financial Year 2021-22 (covering the period from 01 April 2021 to 31 March 2022); Form 10F duly filled and signed as specified in Annexure G. For easy reference, we have also provided specimen copy of Form 10F as specified in Annexure H; Self-declaration for FY 2021-22 (covering the period from 01 April 2021 to 31 March 2022) in the format as specified in Annexure I on shareholder's

S. No.	Particulars	Applicable Rate	Documents required (if any)
			letterhead, primarily (not exclusive list) covering the following: a) Non-resident is eligible to claim the benefit of respective tax treaty b) Non-resident receiving the dividend income is the beneficial owner of such income c) Dividend income is not attributable/effectively connected to any Permanent Establishment (PE) or Fixed Base in India.
6	Availability of Lower/ NIL tax deduction certificate issued under section 197	Rate specified in lower tax deduction certificate	• Lower/ NIL withholding tax certificate obtained from tax authority.

[^] In case, the TRC is furnished in a language other than English, the said TRC would have to be translated from such other language to English language and thereafter duly notarized and apostilled copy of the TRC would have to be provided.

****** The beneficial Tax Treaty rates will not automatically apply 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 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.

Notes:

1. If the dividend income is taxable in the hands of any person other than the recipient of the dividend, then the requisite details by way of a declaration in **Annexure K** should be communicated to the RTA by **Monday, September 06, 2021**.
2. Shareholders may note that all documents to be submitted are required to be self-attested (the documents should be signed by shareholder/authorised signatory stating the document to be "certified true copy of the original"). In case of ambiguous, incomplete or conflicting information, or the valid information/documents not being provided, tax at the maximum applicable rate will be deducted.
3. 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.
4. Recording of the valid Permanent Account Number (PAN) in the records of Company/ RTA is mandatory. In the absence of valid PAN, tax will be deducted at a higher rate of 20% as per Section 206AA of the Act.
5. Shareholders who are required to link Aadhar number with PAN as required under section 139AA(2) read with Rule 114AAA, should compulsorily link the same by 30 September 2021 (due date extended from 30 June 2021 to 30 September 2021 vide Notification No. 74 of 2021). In case, remittance of dividend by the Company would be made post 30 September 2021 and any PAN is found to have not been linked with Aadhar by 30 September 2021, then such PAN will be deemed invalid and TDS would be deducted at higher rates under section 206AA of the Act.

In this regard, the Company will use the online utility provided by Central Board of Direct Taxes ('CBDT') "**Compliance Check for Sections 206AB and 206CCA**" to check linking of Aadhar number with PAN. Refer FAQs issued by Directorate of Income Tax (Systems) for "**Compliance Check for Sections 206AB and 206CCA**" in this regard.

6. Rate of TDS @10% under section 194 of the Act when the dividend payment is made to resident or rate under section 195 as applicable to non-resident is subject to provisions of section 206AB of Act (effective from 01 July 2021) which introduces special provisions for TDS in respect of non-filers of income-tax return. As provided in section 206AB, tax is required to be deducted at higher of following rates in case of payments to 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%.

Where sections 206AA¹ and 206AB are applicable i.e. the specified person has not submitted the PAN as well as not filed the return; the tax shall be deducted at the higher of the two rates prescribed in these two sections.

The term 'specified person' is defined in sub section (3) of section 206AB who satisfies the following conditions:

- A person who has not filed the income tax return for both of the two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing of return of income under section 139(1) of the Act has expired; and
- The aggregate of TDS and Tax Collection at Source ('TCS') in his case is ₹50,000 or more in each of these two previous years.

The non-resident who does not have the permanent establishment is excluded from the scope of a specified person.

In this regard, the Company will use the online utility provided by Central Board of Direct Taxes ('CBDT') "**Compliance Check for Sections 206AB and 206CCA**". Refer **Circular No. 11 of 2021** issued by CBDT in this regard.

In case, a person fulfils the conditions of being a 'specified person' as per the CBDT online utility, then tax will be deducted at higher rate as discussed above.

7. Determination of withholding tax 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. 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.
8. Further, if the PAN is not as per the database of the Income-tax Portal, it would be considered an invalid PAN.
9. In the event of a mismatch in the category of shareholder (individual, company, trust, partnership, local authority, Government, Association of Persons etc.) as per the register of members and as per fourth letter

¹ Rate of tax deduction under section 206AA is 20% (refer point 5 above)

of PAN (10 digit alpha-numeric number), the Company would consider fourth letter of PAN for determining the category of shareholders and the applicable tax rate/ surcharge/ education cess.

10. Shareholders may note that in case the tax on said dividend is deducted at a higher rate in absence of receipt, or insufficiency of the aforementioned details/documents from you, an option is available to you to file the return of income as per Income Tax Act, 1961 and claim an appropriate refund, if eligible.
11. Company shall arrange to email a soft copy of TDS certificate to you at your registered email address in due course. Shareholders will also be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at <https://www.incometaxindiaefiling.gov.in>
12. 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.

Thanking you,
Yours truly,

For **H.G. Infra Engineering Limited**

Sd/-
Ankita Mehra
Company Secretary & Compliance Officer
M.No-A33288