



KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

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CIN: L85110TZ1985PLC001659

August 4, 2021

Dear Member,

The Board of Directors of the Company ('the Board') at their Meeting held on 3rd June 2021 have recommended a Final Dividend @ 3/- per share for the financial year ended 31st March 2021. The Final Dividend if declared at the 35th Annual General Meeting of the Company scheduled to be held on 16th September 2021 will be paid to the members on or after 17th September 2021.

This communication is being sent, as a measure of investor servicing, to familiarise you with the applicable provisions of TDS on dividend and related matters thereto.

As per the Finance Act, 2020, dividends paid or distributed by the Company after 1st April 2020, shall be taxable in the hands of the shareholders. In the light of the above changes, under the Income-tax Act 1961, companies paying dividend are required to withhold tax at the applicable tax rates (for Resident shareholder at 10% with valid Permanent Account Number (PAN) or at 20% without/invalid PAN and for Non-Resident shareholders the rates prescribed under the Act or Tax Treaty, read with Multilateral Instruments, if applicable). No withholding of tax is applicable if the dividend payable to resident individual shareholders (having valid PAN) is up to Rs.5,000 p.a. within a Financial Year. Therefore, the Company is required to deduct tax at source (TDS) at the prescribed rates applicable to each category of shareholders.

1. For Resident Shareholders:

S.No	Particulars	Rate	Documents Required
1	No TDS shall be deducted in the case of resident individual members, if the amount of such dividend in aggregate paid or likely to be paid during the financial year does	Nil	Not applicable

	not exceed Rs.5,000/-		
2	Shareholders with PAN	10% (refer point no.1 in General Instructions)	Update/Verify the PAN, and the residential status as per Income tax Act, 1961 if not already done, with the depositories (in case of shares held in demat mode) and with the Company's Registrar and Share Transfer Agents i.e., GNSA Infotech Private Limited (in case of shares held in physical mode) at sta@gnsaindia.com .
3	Shareholders without PAN/Invalid PAN	20% (refer point no.1 in General Instructions)	Not applicable
4	Shareholders submitting Form 15G/Form 15H	Nil	Declaration in Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) / Form 15H (for individuals above the age of 60 years with no tax liability on total income) for the FY 2021-22.
5	Shareholders submitting order under Section 197 of the Income tax Act, 1961.	Rate provided in the order	Lower/Nil withholding tax certificate for the FY 2021-22 obtained from tax authority to be submitted to claim the lower tax rates.
6	Mutual Fund specified under clause (23D) of Section 10 of the Income tax Act, 1961.	10% / NIL (if documents are submitted) (refer point no.1 in General Instructions)	Self-declaration that they are specified and covered under Section 10 (23D) of the Income tax Act, 1961 along with self-attested copy of PAN and registration certificate received from SEBI.
7	An Insurance Company exempted under Section 194 of the Income tax Act, 1961.	10% / NIL (if documents are submitted) (refer point no.1 in General Instructions)	Self-declaration that it has full beneficial interest with respect to the shares owned by it and documentary evidence that the provisions of Section 194 of the Income tax Act, 1961 are not applicable to them along with Self-attested PAN.
8	Alternative Investment Fund (AIF) established in India.	10% / NIL (if documents are submitted) (refer point no.1 in General Instructions)	Documentary evidence (Self-attested copy of PAN and registration certificate received from SEBI) to prove that Investment fund as defined under clause (a) of the Explanation 1 of Section 115UB of the Income tax Act, 1961 and

		Instructions)	Declaration that its Dividend income is exempt under Section 10 (23FBA) of the Income tax Act, 1961.
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2. For Non-Resident Shareholders

S.No	Particulars	Rate	Documents Required
1	Non -resident Shareholders	20% (plus applicable surcharge and cess) or Tax Treaty Rate (whichever is lower, provided documents are received)	<p>Update/Verify the PAN, and the residential status as per Income tax Act, 1961 if not already done, with the depositories (in case of shares held in demat mode) and with the Company's Registrar and Share Transfer Agents i.e., GNSA Infotech Private Limited (in case of shares held in physical mode) at sta@gnsaindia.com.</p> <p>In order to apply the Tax Treaty Rate, all the following documents would be required:</p> <ol style="list-style-type: none"> 1. Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which shareholder is a resident certifying status during FY 2021-22. 2. Form 10F dully filled and signed. 3. Self-declaration from Non-resident, primarily covering the following: <ul style="list-style-type: none"> • Non-resident is eligible to claim the benefit of respective tax treaty. • Non-resident receiving the dividend income is the beneficial owner of such income. • Dividend income is not attributable/effectively connected to any permanent Establishment or Fixed base in India.
2	Shareholders submitting order under Section 197 of the Income tax Act, 1961.	Rate provided in the order	Lower/Nil withholding tax certificate for the FY 2021-22 obtained from tax authority to be submitted.

General instructions / information

1. Pursuant to Section 206AB of the Income tax Act, 1961 which is effectively from July 01,2021, the Company is required to deduct tax at a higher rate as mentioned in the said section from the specified persons who have not filed their tax returns for both of the two assessment years relevant to the two previous years immediately preceding the year of deduction and the aggregate of tax deducted at source and tax collected at source in their case is rupees fifty thousand or more in each of these two previous years.
2. **Submission of Tax Exemption Forms / documents for availing the benefit of Tax Treaty Rate, as applicable**

The Tax Exemption Forms from resident shareholders and Forms & Documents from non-resident shareholders for availing the benefit of Tax Treaty Rate, as stated above, may please be forwarded through e-mail at sta@gnsaindia.com on or before **25th August 2021**. The documents are also available on the Company's website www.kmchhospitals.com under the section 'Investor Relations'.

The consideration of the aforesaid documents, including application of beneficial Tax Treaty Rate, where applicable, will depend on the adequacy and completeness of such documents submitted by the shareholders and review of the same to the satisfaction of the Company. **Documents received after 25th August 2021 and / or incomplete documents will not be considered.**

3. In the event the benefit of lower tax on dividend cannot be provided by the Company in the absence of or due to late receipt of the aforesaid documents, shareholders will still have an option to claim appropriate refund, if eligible, at the time of filing their income tax returns. **No claim shall lie against the Company for taxes once deducted.**
4. In the event the dividend income, as on the Record Date i.e. 3rd September 2021, is assessable to tax in the hands of a person other than the registered shareholder (viz., the shares are held by a clearing member, broker etc. on behalf of the actual beneficial owners),the registered shareholder (i.e. the said clearing member, broker etc.) is required to furnish to the Company **on or before 25th August 2021**, a declaration containing the name, address, residential status and PAN of the actual beneficial owners to whom TDS credit

is to be given, and reasons for giving credit to such persons. **No request in this regard will be considered by the Company after 25th August 2021.**

5. **The format of the documents are attached herewith and also available on our website: www.kmchhospitals.com**
6. The TDS Certificate, if applicable, will be e-mailed to your registered e-mail address in due course of time, post payment of the aforesaid dividend.

Should you have any query or require any assistance in the matter, please write to us at the e-mail ID: secretarialdept@kmchhospitals.com.

Your co-operation in this regard is solicited.

Assuring you of our best services, always.

Thanking you

Yours sincerely

For KOVAI MEDICAL CENTER AND HOSPITAL LIMITED

S.P.CHITTIBABU
COMPANY SECRETARY