

Our Ref: Sec/270/2020  
Date : 23.06.2020

BSE Limited  
Listing Department  
Phiroze Jeejeebhoy Towers  
Dalal Street, MUMBAI-400 001

National Stock Exchange of India Limited  
Listing Department  
Exchange Plaza, C-1, Block-G, Bandra Kurla Complex  
Bandra(E), MUMBAI - 400 051.

**Sub : Newspaper advertisement for Communication on Tax deduction on Dividend.**

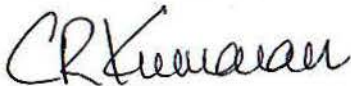
Pursuant to the provisions of Regulation 47 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, we are forwarding herewith the copies of the advertisement published in the Business Line and Dinamalar newspapers dated 23<sup>rd</sup> June, 2020 titled - Communication on Tax deduction on Dividend.

Kindly take the same on record.

Thanking you,

Yours faithfully,

**For LAKSHMI MACHINE WORKS LIMITED**



**C R SHIVKUMARAN  
COMPANY SECRETARY**

cc : BSE Limited  
Corporate Relationship Department  
1st Floor, New Trading Ring  
Rotunda Building, P.J.Towers,  
Dalal Street, MUMBAI - 400 001.





## Lakshmi Machine Works Limited

Regd. Office: SRK Vidyalaya Post, Perianaickenpalayam, Coimbatore -641 020

CIN L29269TZ1962PLC000463

Phone : 0422-7192255, 7198100 Fax : 0422-2692541

Email: [secretarial@lmw.co.in](mailto:secretarial@lmw.co.in) Website : [www.lmwglobal.com](http://www.lmwglobal.com)

### Communication on Tax deduction on Dividend

Dear Shareholder,

As per Finance Act, 2020, with effect from 1 April 2020, Dividend Distribution Tax is abolished, and dividend income is taxable in the hands of the shareholders. The companies are required to withhold tax at source from dividends paid to shareholders at prescribed rates (plus applicable surcharge and cess), as may be notified from time to time.

The Company shall accordingly deduct the tax from the dividend, if declared, that will be paid to the shareholders in the Financial Year 2020-21 (FY 20-21).

#### Resident Shareholders:

I. In accordance with Section 194 of the Income tax Act, 1961 (Act), tax shall be deducted at source from the dividend amount at rate of 7.5% where shareholder have registered their valid Permanent Account Number (PAN) and at rate of 20% for cases where the shareholders do not have PAN / have not registered their valid PAN details in their demat Account or with RTA if shares are held in Physical Form.

II. No tax shall be deducted on the dividend payable to shareholder in following cases:

#### a. Resident Individual Shareholders

i. If the total dividend to be received by them during FY 20-21 does not exceed Rs. 5,000.  
ii. Where the dividend exceeds Rs. 5000 for the Financial Year 2020-21 and the shareholder provides duly signed Form 15G or 15H (as may be applicable) along with the self-attested copy of the PAN card provided that all the required eligibility conditions are met.

#### b. Resident Non-Individual Shareholders

If Shareholder is Resident Company / Firm / HUF / AOP / Trust based on the Permanent Account Number (PAN), the dividend receivable would be taxable under the Income Tax Act, 1961.

- Insurance Company - Self-declaration that it has full beneficial interest with respect shares owned along with self-attested copy of PAN card.
- Mutual Funds - Self-declaration that they are specified in section 10(23D) of the Act along with self-attested copy of PAN card and registration certificate.
- Alternative Investment Fund (AIF) established/incorporated in India - Self-declaration that its income is exempt under Section 10(23FBA) of the Act and they are governed by SEBI regulations as Category I or Category II AIF along with self-attested copy of the PAN card and registration certificate.
- Other non-individual shareholders who are not subjected to withholding tax under section 196 of the Act - Self-attested copy of the documentary evidence supporting the exemption status along with self-attested copy of PAN card.

III. In case where the shareholders provide certificate under Section 197 of the Act for lower / NIL withholding of taxes, rate specified in the said certificate shall be considered based on submission of self-attested copy of the same.

#### Non-resident Shareholders

I. In accordance with the provisions of Section 195 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, certificate issued under section 195/197 of the Income Tax Act, 1961 is given by non-resident shareholders for lower/ Nil withholding of taxes, rate specified in the said certificate shall be considered based on submission of self-attested copy of the same.

II. Further, as per Section 90 of the Income tax Act, 1961 the non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement (tax treaty) between India and the country of tax residence of the shareholder read with provisions laid down in Multilateral Instrument, wherever applicable. For this purpose, i.e. to avail Tax Treaty benefits, the non-resident shareholders will have to provide the following:

- Self-attested copy of the PAN card allotted by the Indian Income Tax authorities. If PAN is not allotted, please provide your email address, contact number, tax identification number allotted in the country of residence and address in country of residence.
- Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is resident with respect to dividend income applicable for the period April 2020- March 2021.
- Self-declaration in Form 10F.
- Self-declaration of having no taxable presence, fixed based or permanent establishment in India in accordance with the applicable Tax Treaty and Beneficial ownership by the non-resident shareholder.

Kindly note that, the company is not obligated to apply beneficial tax treaty rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial rate of tax treaty 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.

III. In case of Foreign Institutional Investors (FII) and Foreign Portfolio Investors (FPI), taxes shall be withheld at 20% plus applicable surcharge and cess in accordance with provisions of Section 196D of the Act.

Accordingly, in order to enable the Company to determine the appropriate Tax Deducted at Source (TDS) / withholding tax rate applicable, we request you to provide these details and documents as mentioned above before 20<sup>th</sup> July, 2020 to update our records from withholding tax perspective.

The dividend declared if any, will be paid after deducting the tax at source as under:

#### A. For Resident Shareholders:

- Nil in case Form 15G or Form 15H (as applicable) / declarations / supportings (as specified above) along with self-attested copy of the PAN card is submitted
- Lower/ NIL withholding tax rate on submission of self-attested copy of the certificate issued under Section 197 of the Act
- 7.5% in case valid PAN is provided/available
- 20%, in case valid PAN is not provided / not available

#### B. For Non-Resident Shareholders

- Beneficial rate based on tax treaty between country of residence and India, as applicable will be applied on the basis of documents submitted
- Lower/ NIL withholding tax rate on submission of self-attested copy of the certificate issued under section 195/197 of the Act
- 20% plus applicable surcharge and cess in all other cases (including FII/ FPI)

#### C. For shareholders holding multiple accounts under different status / category

- Highest rate of tax based on status in which shares are held will be applied on their entire holding in different accounts

#### D. For shareholders with PAN status not matching with demat account Status/Category

- TDS will be deducted at the rate applicable to the status as per demat a/c or status as per PAN whichever is higher.

Kindly note that the aforementioned documents are required to be emailed to [lmwgreen@skdc-consultants.com](mailto:lmwgreen@skdc-consultants.com) before 20<sup>th</sup> July, 2020 in order to enable the Company to determine and deduct appropriate TDS / withholding tax rate. No communication on the tax determination/deduction shall be entertained post this date for the purpose of dividend Payment.

It may be further noted that in case the tax on the Dividend, declared if any, is deducted at a higher rate in absence of receipt of the aforementioned details/documents from you, shareholder have an option to file the return of income and claim an appropriate refund, if eligible. If PAN is not registered with the Company/DP shareholder may not be able to claim the Refund.

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

Thanking you,

Yours faithfully

For Lakshmi Machine Works Limited

(Sd/-) C R Shivkumar  
Company Secretary

Place : Coimbatore

Date : 22nd June 2020





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(Sd/-) C R Shvkumaran

Company Secretary

Place : Coimbatore  
Date : 22nd June 2020