



Date: July 29, 2025

Subject: – Communication on Tax Deduction on Dividend Payout

THIS COMMUNICATION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Dear Member,

We are pleased to inform you that the Board of Directors of the Company had at its meeting held on July 25, 2025, declared an interim dividend of Re. 1/- per equity share of face value of Rs. 10/- each for the financial year 2025-26.

In this regard, Members may note that the Income Tax Act, 1961, ("IT Act"), mandates that dividends paid or distributed by a Company after April 01, 2020, shall be taxable in the hands of members. The Company shall therefore be required to deduct tax at source ("TDS") at the time of making the payment of dividend, at the rates prescribed in the IT Act.

In order to enable the Company to determine the appropriate TDS rate as applicable, members are requested to submit the documents in accordance with the provisions of the IT Act:

For Resident Members

a. Tax is required to be deducted at source under Section 194 of the IT Act at 10% on the amount of dividend declared and paid by the Company during Financial Year 2025-26, subject to Permanent Account Number ("PAN") details being registered / updated by the member. If PAN is not registered / updated in the demat account / folio, or declared to be in-operative on non-linking of PAN with Aadhaar, tax would be deducted at 20% as per Section 206AA of the IT Act. The Company will rely on the reports downloaded from the reporting portal of the income tax department for checking validity of PANs / inoperative PANs. **Resident Individual Members:** No tax at source is required to be deducted, if

i. the aggregate dividend received or likely to be received by them during the Financial Year 2025-26 does not exceed ₹10,000/- (Rupees Ten Thousand only), subject to member not being a 'Specified Person' and the status of the PAN of the member not being 'in-operative' on record date as per provisions of the IT Act; or

ii. the member submits Form 15G (applicable to resident individual below the age of 60 years), Form 15H (applicable to resident individual aged 60 years and above); provided that the eligibility conditions are met, subject to the PAN of the member not being in-operative as per provisions of section 139AA of the IT Act; or





iii. the member submits exemption certificate, if any, issued by the Income Tax Department.

b. Resident Non-Individual Members: No tax at source is required to be deducted on the dividend payable to the following resident non-individual members if they submit the information and documents as required:

i. **Insurance Companies:** Self declaration that it qualifies as an “Insurer” as per Section 2(7A) of the Insurance Act, 1938 and has full beneficial interest with respect to the equity shares held by it along with self-attested copy of PAN card and certificate of registration with Insurance Regulatory and Development Authority of India (“IRDAI”);

ii. **Mutual Funds:** Self-declaration that it is registered with the Securities and Exchange Board of India (“SEBI”) and is notified under Section 10(23D) of the IT Act along with self-attested copy of PAN card and certificate of registration with SEBI;

iii. **Alternative Investment Fund:** Self-declaration that its income is exempt under Section 10(23FBA) of the IT Act, and they are registered with SEBI as Category I or Category II Alternative Investment Fund (“AIF”) along with self-attested copy of PAN card and certificate of registration with SEBI;

iv. **National Pension System Trust:** Self-declaration that it qualifies as National Pension System Trust and its income is eligible for exemption under Section 10(44) of the IT Act and being regulated by the provisions of the Indian Trusts Act, 1882 along with self-attested copy of the PAN card;

v. **Other Resident Non-Individual Members:** A copy of exemption certificate or documentary evidence supporting the exemption, if any, issued by the Income Tax Department along with self-attested copy of PAN card.

In case resident member submits self-attested certificate obtained under Section 197 of the IT Act from the income tax authorities, for lower / NIL withholding of taxes, the rate specified in the said certificate will be considered.

Please note 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 requirements of the IT Act and rules made thereunder.

For Non-Resident Members

Tax at source shall be deducted under Section 195 of the IT Act at the applicable rates. As per the relevant provisions of the IT Act, the withholding tax shall be at 20% (plus applicable surcharge and cess) on the amount of dividend payable to non-resident members. Further, in case of





Foreign Institutional Investors and Foreign Portfolio Investors, tax shall be deducted at source at 20% (plus applicable surcharge and cess) under Section 196D of the IT Act.

In case non-resident member submits self-attested certificate obtained under Section 197 of the IT Act from the income tax authorities, for lower / NIL withholding of taxes, the rate specified in the said certificate will be considered.

As per Section 90 of the IT Act, a non-resident member has the option to be governed by the provisions of the Double Taxation Avoidance Agreement (“DTAA”) between India and the country of tax residence of the member. To avail the DTAA benefits, the non-resident member is required to submit the following:

- a. Self-attested copy of the PAN card allotted by the Indian Income Tax authorities, if any;
- b. Self-attested copy of Tax Residency Certificate (“TRC”) (for the period April 01, 2025 to March 31, 2026) obtained from the tax authorities of the country of which the member is resident;
- c. Self-declaration in Form 10F, if all the details required in this form are not mentioned in the TRC. In case the member has PAN, copy of Form 10F filed electronically (valid for the period April 01, 2025 to March 31, 2026) through income-tax portal is required;
- d. Self-declaration of having no Permanent Establishment in India and Beneficial ownership
- e. In case of Foreign Institutional Investors and Foreign Portfolio Investors, self-attested copy of certificate of registration with SEBI;

It is recommended that members should independently satisfy their eligibility to claim DTAA benefits including fulfilling of all the conditions laid down by DTAA.

All the forms and declarations as mentioned above are available on the website of the RTA, Bigshare Services Private Limited at https://www.bigshareonline.com/resources-sebi_circular.aspx#parentHorizontalTab3%7CCChildVerticalTab_37.

Payment of Dividend

The dividend will be paid after deducting the tax at source as mentioned aforesaid. The following provisions under the IT Act will also be considered to determine the applicable TDS rate:

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

As per Section 139AA of the IT 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 IT Act, as mentioned aforesaid. The Company will be using functionality of the income tax department for the above purpose.

b. 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 a declaration with Company (on letterhead) containing the name, address, PAN, residential status/category of the person to whom TDS credit is to be given and reasons for giving credit to such person, on or before Friday, August 01, 2025. Please note that no request in this regard would be accepted/considered by the Company/RTA after the said date.

c. Members having multiple accounts under different status / category

Members 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.

For all members

The documents such as Form 15G / 15H, documents under Section 196, 197A, etc. can be submitted on tds@bigshareonline.com.

All the documents submitted by the member will be verified by the Company / its Authorized Representative and the Company will consider the same while deducting appropriate taxes, if they are in accordance with the provisions of the IT Act. In case of any discrepancy in documents submitted by the member, the Company will deduct tax at higher rate as applicable, without any further communication in this regard.

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

For resident members, the rate of TDS would not be increased by surcharge and cess. For non-resident members, the rate of TDS would be increased by applicable surcharge and cess.

In the event of any income tax demand (including interest, penalty, *etc.*) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by the member(s), such member(s) will be responsible to indemnify the Company and also, provide the Company with all information / documents and co-operation in any proceedings.

The Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction /



withholding on dividend amounts. Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by the non-resident member and meeting requirement of the IT Act read with applicable tax treaty.

In order to enable the Company to determine the appropriate TDS / withholding tax rate applicable, members are requested to provide the aforesaid details and documents on or before Friday, August 01, 2025, at 05:00 p.m. IST. No communication on the tax determination / deduction shall be accepted post Friday, August 01, 2025, at 05:00 p.m. IST.

Members may note that in case the tax on said dividend is deducted at a higher rate due to non-receipt of the aforementioned details / documents, there would still be an option available to the member to file the return of income and claim an appropriate refund, if eligible.

In accordance with the provisions of the IT Act, members will be able to see the credit of TDS in their Form 26AS, which can be downloaded from their e-filing account at <https://incometaxindiaefiling.gov.in>, after filing of the quarterly TDS returns of the Company, post payment of the said dividend.

The aforesaid information is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Members should consult their tax advisors for requisite action to be taken by them.

Thanking you,

For Arkade Developers Limited

Sd/-

Company Secretary and Compliance Officer

