Aarti Surfactants Limited

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COMMUNICATION IN RESPECT OF DEDUCTION OF TAX AT SOURCE ON DIVIDEND PAY-OUT AS PER INCOME TAX ACT, 2025 ("IT ACT")

In accordance with the approval of the Members at the **8th Annual General Meeting** of the Company to be held on **Tuesday, September 29, 2026**, a dividend of **Re. 1/- (10%) per equity share** of face value of **Rs. 10/- each** for the financial year 2025-2026 shall be paid to those shareholders whose names appear in the Register of Members of the Company or in the records of the Depositories as beneficial owners of the shares as at the close of business hours on **Tuesday, September 22, 2026**.

Shareholders may note that pursuant to the changes in the Income Tax Act as amended by the Finance Act, 2020, dividend income will be taxable in the hands of the shareholders and the Company is required to deduct tax at source (TDS) at the time of making the payment of dividend to shareholders at the prescribed rates (all the sections referred herein are under the Income tax Act, 2025 ("IT Act"):

1.0 **RESIDENT SHAREHOLDERS:**

A.1. Tax deductible at source for Resident Shareholders (other than resident individual shareholders receiving dividend not exceeding Rs. 10,000/- during the FY2026-2027 from the Company)

Sr. No.	Particular	TDS rate	Declaration / documents required
1	Valid PAN updated with the Depository Participant in case shares are held in dematerialized form; or Registrar and Transfer Agent ('RTA') in case shares are held in physical form and no exemption sought by Shareholder.	10%	N.A.
2	No / Invalid PAN* with the Depository Participant in case shares	20%	N.A.

	are held in dematerialized form or RTA in case shares are held in physical form.		
3	Availability of lower/nil tax deduction certificate issued by Income Tax Department 395(1) of the IT Act.	Rate specified in Lower TDS certificate obtained from Income Tax Department.	• Copy of PAN card • Copy of lower TDS certificate obtained from Income Tax Department

* In case Aadhaar is not linked with PAN, then the PAN shall be treated as invalid PAN.

A.2. **Nil** tax deductible at source on dividend payment to Resident Shareholders if the Shareholders submit the documents mentioned in table below with the Company/ RTA:

Sr. No.	Particular	Declaration / documents required
1.	A resident Individual furnishing valid Form 121	• Copy of valid PAN card • Declaration in Form No. 121 fulfilling prescribed conditions. The format of Form 121 is also available on the website of Income Tax Department which is https://www.incometaxindia.gov.in/income-tax-forms-2026
2.	Shareholders to whom section 393(4) of the Act apply such as LIC, GIC, Business Trust (REIT, InVIT) etc.	• Copy of PAN card • Self-declaration *(Please download* ***Annexure-1*** *from website)*, along with adequate documentary evidence (e.g., registration certificate), to the effect that no TDS is required as per provisions of section 393(4) of the Act.
3.	Mutual Funds covered under section 393(5) of the IT Act.	Self-declaration (Please *download* ***Annexure-1*** from website), that they are Mutual Funds as specified in Schedule VII (Table Sl. No. 20 or 21) to Section 11 of the IT Act and has full beneficial interest with respect to shares and along with self-attested copy of PAN and SEBI Registration certificate.
4.	Alternate Investment Fund ("AIF") covered under Section 393(4) (Table: Sl.no. 10) of the IT Act read with Notification No. 51/2015	Self-declaration (Please *download* ***Annexure-1*** from website) that income is exempt under Section 11 and are covered under Schedule V (Table Sl. No 1) of the IT Act and self-attested copy of PAN and SEBI Registration AIF certificate.

	dated 25 June 2015 issued under Income Tax Act, 1961	
5.	Recognised Provident Fund/ Approved Superannuation Fund/ Approved Gratuity Fund covered by Circular 18/2017 dated 29 May 2017 issued under Income Tax Act, 1961.	Self-attested copy of PAN and valid order/approval of commissioner as per Circular No. 18/2017 issued by Central Board of Direct Taxes ("CBDT").
6.	New Pension System ("NPS") Trust or any other authorities as mentioned under Section 11 of the IT Act covered under Section 393(9) of the IT Act.	Self-declaration *(Please download* ***Annexure-1****, from the website)* that it qualifies as NPS Trust and income is eligible for exemption under Section 11 and is covered under Schedule VII (Table: Sl. No 41) of the IT Act and being regulated by the provisions of the Indian Trusts Act, 1882 along with self-attested copy of the PAN.
7.	Government (Central/State) covered under section 393(5) of the IT Act.	No TDS
8.	IFSC Units of a Finance Company, Finance unit and Broker Dealer opting to claim deduction u/s 147(1)/(3) of the IT Act and covered under Section 393(4) (Table: Sl.no. 10) of the IT Act read with Notification no. 28/2024 dated 7 March 2024 issued under Income Tax Act, 1961.	Self-attested copy of PAN and Self-declaration in accordance with the notification no. 28/2024 dated 7 March 2024 issued by CBDT (Please download ***Annexure-3*** from website).
9.	Any other entity exempt from TDS under the provisions of section 395(1) of the IT Act (including those mentioned in Circular	• Copy of PAN card • Self-declaration *(Please download* ***Annexure-1****, from the website)* along with adequate documentary evidence, substantiating the nature of the entity

	No. 18/2017 issued by CBDT)	• Copy of the lower TDS certificate obtained from Income Tax Department *(except those covered by Circular 18/2017)*

No tax will be deducted on payment of dividend to the resident individual shareholder if the total dividend, paid during financial year 2026-2027, does not exceed INR 10,000/-

2.0 **NON-RESIDENT SHAREHOLDERS:**

Taxes are required to be withheld in accordance with the provisions of Section 393(2) the IT Act as per the rates as applicable. As per the relevant provisions of the IT Act, the withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to Non-Resident Shareholders.

However, Non-Resident Shareholders have an option to claim and be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the Shareholder, if they are more beneficial to them.

In order to avail tax treaty benefits, Non-Resident Shareholders are required to submit **ALL** of the below documents:

- Self-attested true copy of Tax Residency Certificate ("TRC") for the period 1 April 2026 to 31 March 2027, obtained from the tax authorities of the country of which the Shareholder is resident;
- Self-declaration in Form 41 - (It is mandatory to file Form 41 electronically on the Indian Income Tax web portal for non-resident shareholders having PAN in India or required to obtain PAN in India) (Please refer ***Annexure-4*** for format);
- Self-attested true copy of the PAN, if allotted by the Indian Income Tax authorities;
- Self-declaration (on letterhead) in the format prescribed by the Company (Please download ***Annexure-5*** from website), certifying, inter alia, the following points:
  1. Shareholder is a tax resident of the country of its residence during the Financial Year;
  2. Shareholder is eligible to claim the beneficial DTAA rate for the purposes of withholding tax on dividend declared by the Company;
  3. Shareholder has no reason to believe that its claim for the benefits of the DTAA is impaired in any manner;
  4. Shareholder does not have a taxable presence or a Permanent Establishment ("PE") in India during 1 April 2026 to 31 March 2027. In any case, the amounts paid/payable to the Shareholder are not attributable or effectively connected to the PE or fixed base, if any, which may have got constituted otherwise;
  5. Shareholder is the ultimate beneficial owner of its shareholding in the Company and dividend receivable from the Company;
  6. Non-resident Shareholder is satisfying the Principle Purpose Test as per the respective tax treaty effective 1 April 2020 (if applicable);

7. Self-declaration by the Shareholder regarding the satisfaction of the Place of Effective Management (POEM), Principal Purpose Test, General Anti-avoidance Rule (GAAR), Simplified Limitation of Benefit test (wherever applicable), as regards the eligibility to claim recourse to concerned DTAA;

- In case of Foreign Institutional Investors and Foreign Portfolio Investors, copy of SEBI registration certificate and self declaration (Please download ***Annexure-2*** from website).

It is recommended that shareholders should independently satisfy their eligibility to claim DTAA benefit including meeting of all conditions laid down by DTAA. Please note that 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 Non-Resident Shareholder.

TDS is required to be deducted at the rate prescribed in the lower tax withholding certificate issued under Section 395(1) of the Income Tax Act, if such valid certificate is provided.

In case PAN is not updated with the Company's RTA or depository or PAN is not available in case of resident shareholders or non-residential shareholders having permanent establishment in India and information sought in the declaration are not provided, higher rate of TDS as per section 397(2) of the IT Act shall be applied.

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 non-resident shareholders.

3.0 **Declaration by shareholders under Rule 203 of the Income Tax Rules, 2026:**

In terms of Rule 203 of the Income Tax Rules 2026, if dividend income on which tax will be deducted at source is assessable in the hands of a person other than the registered Shareholder as on Record Date, then the registered Shareholder is required to submit a signed declaration (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 the date mentioned in this communication.

Please note that no request in this regard would be accepted/considered by the Company/RTA after the said date.

4.0 **For shareholders having multiple accounts under different status / category:**

Shareholders holding Equity shares in the Company 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 are held under a PAN will be considered on their entire holding in different accounts.

5.0 **For all shareholders:**

Shareholders are requested to update tax residential status, permanent account number (PAN), registered email address, mobile numbers and other details with their depository participants, in case the shares are held in dematerialized form. In case a shareholder is holding shares in physical mode, he/she is requested to furnish details to the Company's registrar and share transfer agent.

Individual resident shareholders are requested to kindly link AADHAAR with PAN on the Income-Tax Portal.

The aforementioned forms/annexures for tax exemption can be downloaded from the website of the Company's RTA at web.in.mpms.mufg.com/client-downloads.html or website of the Company at https://www.aarti-surfactants.com/final-dividend-for-fy-2025-2026.

The aforementioned documents (duly completed and signed) are required to be uploaded on the website of the Company's RTA https://web.in.mpms.mufg.com/formsreg/submission-of-Form-121-41.html (*attachment size is restricted to max. 1 mb*). In the email please mention the following information:

1. Name of Shareholders
2. Folio / DP-Client ID
3. PAN
4. Financial year
5. Name of Form submitted

Please note that uploading of documents (duly completed and signed) on the above RTA website should be done on or before **Monday**, **September 28, 2026** in order to enable the Company to determine and deduct appropriate TDS / Withholding Tax. Incomplete and/or unsigned forms and declarations will not be considered by the Company. No communication on the tax determination/ deduction shall be considered after **Monday**, **September 28, 2026 at 6:30 PM (IST)**.

All the documents submitted by the shareholders will be verified by the Company and the Company will consider the same while deducting the appropriate taxes if they are in accordance with the provisions of the Act. The Company reserves the right to reject the documents in case of any discrepancies or the documents are found to be incomplete.

Shareholders may note that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents or any other reasons, the Company shall not be liable to refund any excess TDS deducted. Shareholders shall have an option to file a return of income as per the provisions of the Act and claim refund of any excess TDS. No claim shall lie against the Company for such taxes deducted.

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.

The Company will arrange to e-mail a soft copy of TDS certificate at the shareholders registered e-mail ID in due course, post payment of the said dividend/furnishing of TDS returns for the financial year 2026-2027 with the tax authorities.

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.

Shareholders are further requested to complete necessary formalities to link their bank accounts to their demat accounts to enable the Company to make timely credit of dividend in respective bank account.

Disclaimer: *Above communication on TDS only sets out the provisions of law in a summarized manner and does not purport to be a complete analysis or listing of all potential tax consequences. Shareholders should consult their own tax advisors for the tax provisions applicable to their particular circumstances.*

For Aarti Surfactants Limited

sd/-
Priyanka Chaurasia
Company Secretary
ICSI M. No. A44258

*This is computer generated letter & does not require signature.